



Parliamentary Debates

(HANSARD)

THIRTY-FIFTH PARLIAMENT
THIRD SESSION
2000

LEGISLATIVE ASSEMBLY

Tuesday, 20 June 2000

Legislative Assembly

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THE SPEAKER (Mr Strickland) took the Chair at 2.00 pm, and read prayers.

VITAL STATISTICS REPORT, SECOND EDITION

Statement by Minister for the Arts

MR BOARD (Murdoch - Minister for the Arts) [2.02 pm]: I rise to inform the House of the release of the second edition of the Vital Statistics report, which is an important document for the planning processes for the arts community in this State. This report has used census statistics and forward estimates to analyse the cultural industry's employment, occupations, expenditure, attendance, tourism and funding in Western Australia. The Vital Statistics report will be a valuable asset for the arts industry and the Government to help plan for the future development of the arts and cultural sector. One of the most important points the report makes is that the arts and cultural sectors are industries which are important to Western Australia.

In the year leading up to April 1999, almost 90 per cent of Western Australians aged 15 and over attended a cultural venue. Based on previous years' figures, Western Australians spend an estimated \$800m annually on cultural and artistic pursuits. The industry brings to Western Australia an average of \$2.3b every year, which is double that provided by sport, gambling and recreational services. One of the most significant figures in the report is the growth in employment in the cultural sector of 20.7 per cent between 1991 and 1996. This figure exceeds the average growth in employment for all industries of 14.5 per cent.

Almost 13 000 Western Australians are employed in the cultural industry as their main job. Expanding on this figure, a total of 212 000 Western Australians during the year ending March 1997 were involved in the industry on a full-time, part-time or voluntary basis. The report shows that culture and the arts contribute significantly to our economy as well as being essential to the identity and social fabric of our community.

The State Government will continue the strong commitment it has to the arts industry, which now represents a total per head of population amount of \$77.40 per year. Our commitment to cultural facilities and services, which includes libraries, museums, art galleries and the performing arts, is actually greater per head of population, at \$51.20, than the national average of \$46.80. As arts is now one of the eight core curriculum areas in WA schools, it is clear that the industry will have increasing opportunities to continue to expand.

The information in the report clearly demonstrates the huge impact which culture and the arts have on the lives of all Western Australians. It is also an indication of the possibilities which the arts industry has in creating relationships with corporate sponsors and broadening the audience base.

I now table Vital Statistics 1999, an information consultancy report for the Ministry for Culture and the Arts.

[See paper No 983.]

ELECTORAL AMENDMENT BILL 2000

Appropriations

Message from the Administrator received and read recommending appropriations for the purposes of the Bill.

[Questions without notice taken.]

BANKS - SUBURBAN BRANCHES

Petition

Mr Kobelke presented the following petition bearing the signatures of 70 persons -

To the Honourable the Speaker and members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.

We the undersigned believe that it is unacceptable for our banks to desert their responsibilities to provide basic across the counter services through an easily accessible network of suburban branches.

Banks in neglecting their social obligation are making it much more difficult for elderly members of our community to remain independent and are left more vulnerable to being the victims of attack when they have to use automatic teller machines.

We call on the Governments at both State and Federal level to require our banks to provide secure and easily accessible banking facilities for all members of the community, particularly the elderly and those who have to rely on public transport.

Now we ask that the Legislative Assembly urgently consider this matter and help the community get back their banks.

[See petition No 128.]

GOVERNMENT RAILWAYS (ACCESS) AMENDMENT BILL 2000*Second Reading*

Resumed from 3 May.

MS MacTIERNAN (Armadale) [2.46 pm]: I suppose you thought I was not here, Mr Speaker, as I was so quiet during question time.

The SPEAKER: It was fantastic!

Mr House: You get the most improved award!

Ms MacTIERNAN: The Minister for Primary Industry would not win such an award, even though he starts from a very low base.

Mr House: We are here, aren't we!

Ms MacTIERNAN: Ministers are keeping the seats opposite warm for us, which we appreciate!

The first words that spring to mind about this Bill are "we told you so", although it might be thought to be ungracious to say so. This Bill is the latest demonstration of the fact that this Government has been unable to get transport infrastructure right. The Government introduced the Government Railways (Access) Bill in 1998, with which the Government sought to establish a regulator to govern and set policy for third-party access to rail. It was with some amusement that we noted that the original Bill's second reading speech indicated that the Government was acting because it was keen to foster competition on rail. However, we knew that the Government was dragged screaming to produce access legislation by the National Competition Council, which wanted to declare the standard gauge line open to competition. The Government ran around frantically trying to produce an access code so the line would not be declared, but would be governed by an access regime. The 1989 Bill also stood starkly at odds with the Government's sale plan; namely, to sell the freight operation as a vertically integrated operation. The Deputy Premier repeatedly stated during debate on the Westrail freight legislation that the Government was not after competition on the rail line as it was not appropriate.

Mr Cowan: That's not true.

Ms MacTIERNAN: The Deputy Premier said that; I can refer him to *Hansard*.

Mr Cowan: Tell me where.

Ms MacTIERNAN: He described it as low-volume regional rail, to use the language of the National Competition Council. However, the Deputy Premier failed to admit that that was an accurate characterisation only of the narrow gauge, not the standard gauge.

Mr Cowan: That's not true. The standard gauge is the low-volume service - you know that.

Ms MacTIERNAN: That is not true.

Mr Cowan: Make a comparison between the traffic, for example, on some of the private railways in the north and some of the general goods carriers in the United States. You would reach the conclusion that with a consumer base of a maximum of 18 million people, not all of whom use the rail service, it is a low-volume rail service. You cannot escape that fact.

Ms MacTIERNAN: Despite the best endeavours of the National Party across this country to talk down rail -

Mr Cowan: To what?

Ms MacTIERNAN: Despite the best endeavours of the National Party across this country to talk down rail, that is in fact not -

Mr Cowan: You really talk a load of nonsense. The worst part about you is that you believe that because the media hang off every word you say and print faithfully what you say, everybody else will fall into the same trap and believe you. We don't. You are talking nonsense.

Ms MacTIERNAN: Not at all, minister.

Mr Cowan: Yes, you are. The National Party has never talked down rail - never.

Ms MacTIERNAN: It has talked down rail. I will dig out the copies of *Hansard* in which the former Minister for Transport on many occasions declared just how well rural people had been served by taking freight off rail and putting it onto road.

Mr Cowan: Equally, that is nonsense.

Ms MacTIERNAN: I refer the minister to the fact that during the period of this Government, it has not added a -

Mr Cowan: Go and get the quotes for me. Come on!

Ms MacTIERNAN: I will get them. I will not leave the House now. I will get them tomorrow.

Mr Cowan: You won't, because you'll never find them.

Ms MacTIERNAN: Would the minister like to ask the Speaker to -

Mr Cowan: No, I won't. I will do to you exactly as you do to everyone on this side of the House during question time, so you just sit there and cop it.

Mr Carpenter: Stop these barnyard bully tactics.

The SPEAKER: Order! Perhaps now that we have calmed down a little, the member can continue her speech.

Ms MacTIERNAN: I can only presume that the National Party is feeling extremely sensitive about this issue because it knows that it is out there by itself. Its members know that come the election when they are trying to explain to the people of rural Western Australia why they are selling off the rail infrastructure, they will not be supported by any of the -

Mr Cowan: We are selling the freight business. Get it right!

Ms MacTIERNAN: The Government is also selling the tracks.

Mr Cowan: As the Transport spokesperson, you at least have the responsibility to get it right. You never have and you never will.

Ms MacTIERNAN: The minister has shown his complete incapacity to even read his own legislation. When we debated the Westrail freight sale a couple of weeks ago, the minister was even unaware of the contents of the legislation.

Mr Cowan: Was I?

Ms MacTIERNAN: Absolutely. When it was pointed out to the minister that that legislation enabled the sale of the tracks to take place - that was after he had spent many hours denying that it was a possibility -

Mr Cowan: What I said was that it would not take place.

Ms MacTIERNAN: No. The minister's first line was that it could not happen because of the legislation, and we were completely ignorant.

Mr Cowan: You show me where I said that.

Ms MacTIERNAN: I will show you.

Mr Cowan: Add that to your list and show me where I said it.

Ms MacTIERNAN: It is all in *Hansard* and I will find it.

Mr Cowan: I am getting a bit tired of your misquoting people and making assumptions that are totally untrue.

Ms MacTIERNAN: I am not misquoting the minister.

Mr Cowan: You had better stick to the record and get it right.

Ms MacTIERNAN: The only interest the minister had taken in the Bill -

Mr Cowan: I said that the Government had no intention of selling the track. That is what I said and that is what I stuck to throughout the debate.

Ms MacTIERNAN: The minister started by saying that the Bill did not enable the track to be sold. It was only when we pointed out to him that the legislation did not prescribe that that he said, "Don't worry about that. We're not going to sell it."

Mr Cowan: I said that the Government had absolutely no intention of selling the track. I stuck to that line all the way through, and you know it.

Ms MacTIERNAN: The minister certainly said that the Government had no intention of selling the track, but he could not explain why the legislation did not prevent the Government from selling it.

Mr Cowan: Because it does not have to. We have no intention of doing that. I do not know how many times you have to be told.

Ms MacTIERNAN: What a lot of junk! If the minister believes that, why was that prohibition not put in the legislation?

Mr Cowan: We had no intention of doing that, because we did not have to.

Ms MacTIERNAN: Of course the Government had to.

Mr Cowan: No, it did not.

Ms MacTIERNAN: The Deputy Premier does not have to do that! He can go out to his electorate and he can take on One Nation. One Nation will be able to read legislation better than the Deputy Premier. The National Party will take on One Nation and it will be done like a dinner.

Mr Cowan: By One Nation? I do not think so. It might pose a greater threat to us than the Labor Party, but it is not a threat. It might do a little better than the Labor Party, but we will take it on and we will win.

The SPEAKER: Order! I was beginning to wonder whether we are dealing with the second reading debate. Perhaps the member for Armadale can address some comments to the Chair.

Ms MacTIERNAN: I have been endeavouring to address comments to the Chair, but we know that the Deputy Premier gets upset if his profound interjections are not taken. I am only trying to humour him in his last days in this House before his party falls to One Nation when he goes out to the people of Merredin et al and tells them why selling off their rail network is such a bonzer idea.

Mr Cowan: We are not selling the rail network. Can you not get that into your thick skull?

Ms MacTIERNAN: The Deputy Premier has a piece of legislation in this House. Is that the same -

Mr Cowan interjected.

The SPEAKER: Order! Goodness, gracious, the Deputy Premier has made his interjection enough times for us to understand it.

Mr Cowan: For most people, Mr Speaker, but not all.

The SPEAKER: Order! We should not cross too many lines, Deputy Premier. Perhaps the member can get on with her speech and we can hear the substance of the second reading debate.

Ms MacTIERNAN: The Deputy Premier's promise in this regard is similar to the promise that the National Party made to the people of the northern suburbs that their rail link would be operational by 2000; of course, it will not be ready. It was the same promise the National Party made to the people of Greenwood that they would have their railway station in 2000; they will not. It is the same promise the National Party made to the people of Northam and Kalgoorlie that they would have their super trains by 2001; they will not. We know of the promise the National Party made to the people of rural Western Australia that it would keep Stateships; it did not. We also know of the promise that the National Party made that the gold royalty would be imposed over its dead body! We know the tenor and the worth of its promises. Why would the National Party introduce legislation in this House that specifically gave the Government the power to sell off the tracks if it did not intend to do that?

Mr Cowan: We do not intend to do it. I do not know how many times you have to be told.

Ms MacTIERNAN: We do not believe the Deputy Premier, because he betrayed the people on every other promise that he made on rail. When the Government reluctantly dragged in the original legislation in 1998, it had a fabulous idea that the Director General of Transport, a public servant, would be the independent regulator. It was an interesting debate because the Government conceded, when the Opposition pointed it out in debate, that this would not pass muster with the National Competition Council and had been opposed by the industry players who believed that a public servant whose appointment was made and renewed by a minister of the day would not qualify as a person independent of government. The Opposition made it very clear that if the Government did not listen to and support the changes it wished to make, this legislation simply would not be approved by the National Competition Council. The Government needed that approval to prevent the east-west line being declared and made available for unfettered public access. There were two lines of response.

By way of interjection, the Leader of the House said the Government did not care about that because regulators should not be independent. He said the Government was concerned about too much power moving away from the Government and it did not particularly want an independent regulator. On the other hand, the Minister for Local Government, who was representing the Minister for Transport, said that it was an independent position. The Opposition knows, and the minister admitted during the debate, that the National Competition Council at officer level had expressed concern about this model and said it was unlikely to provide the relevant degree of independence to the process of regulation to satisfy national competition policy. Notwithstanding that, and notwithstanding an acknowledgment that the other players within the industry were also opposed to this model, the Government pressed ahead with it.

Two years later we are in exactly the position the Opposition predicted we would be in; that is, we are wasting parliamentary time amending legislation which was so evidently flawed that it would never have passed muster. How did we get into this parlous state? Is it just because the Government is completely incompetent? Are the National Party ministers in the Transport portfolio so hopelessly optimistic that, notwithstanding every indication, including the indications from the National Competition Council, they thought they could do this on the cheap by using a public servant? It also says something interesting about the Government's view of the role of the Director General of Transport. At one level the current Government must be of the view that the Director General of Transport is substantially under-employed and can take on a significant new role, in addition to his considerable duties in his current role.

Nevertheless, the Government forked out so much money on its road building exercise that there was not much to go around in the Transport portfolio, and it was a case of slashing every other area of operation within that portfolio. The Government obviously was not keen to use a model that would require some expenditure. That may be one reason: It has so mismanaged the finances of the Transport portfolio that it was trying to get a regulator on the cheap. Another reason is that perhaps it did not want an independent regulator at all, and perhaps the view of the Leader of the House prevailed that the Government should go through the motions of making the regulator look independent but not in fact provide him with independence. The other explanation that appeals to me is that perhaps the Government was very keen to keep an independent regulator away from Westrail's books. In order for a regulator to do his job, he would have to undertake a thorough analysis of the accounts and the cost structures of Westrail. It would become evident to anyone from the outside

who looked at Westrail's accounts over at least the past five years that the books had been cooked. The books have been cooked in a variety of ways. One way is that items of maintenance have been recharacterised as capital and have been funded out of borrowings. The aim of this exercise has been to manufacture a profit for Westrail while at the same time allowing the debt to balloon. The debt of the freight division of Westrail has doubled over the past five years even though there has been very little real capital expenditure. The vast bulk of the debt has resulted from relabelling as capital expenditure what should properly be described as maintenance.

Mr Cowan: Like what?

Ms MacTIERNAN: A range of sleeper replacement programs. Ratios of sleeper programs, some of which should be described as maintenance, have been recharacterised as capital. When I get the quotes from *Hansard* for the minister for all these other questions, we can revisit the ways this has happened. I suspect that during the time this legislation was passing through its stages, the Government was planning for the sale of Westrail. An important part of the charade the Government presented to the public was that it had turned Westrail into a profit-making organisation and that it had to sell Westrail while it was operating successfully, otherwise Westrail would not cope and would produce a huge debt burden that the Government would not be able to service. Of course, there are many flaws in that argument. If Westrail were a successful operation, why would it be vulnerable to competition from far less experienced operators? The reality was that the Government created an artificial situation. Westrail was not profitable; the profits were engineered. That would have been obvious to an independent regulator, who, under the legislation, will have the power to examine, and indeed must examine, the costs of the operation.

It may not be that we are dealing with the most obvious form of incompetence. It may not simply be that the Government refused to accept what was staring everybody else in the face; that is, that the Government's first model of this legislation would not pass muster. The Government was desperate to conceal the true state of Westrail's finances from independent scrutiny. Members know how careful the Government has been over the past five years to remove Westrail's accounts from any examination by Parliament. Although Westrail is not a corporatised body, the Government refuses to make Westrail accountable for either its recurrent or capital expenditure. Effectively, the agency is gobbling up vast amounts of taxpayers' dollars - \$120m a year - and at the same time is increasing the State's exposure to debt. It is now in excess of \$1b. Yet, this agency, which has no answerable board, is not subject to parliamentary scrutiny. The imposition of an independent regulator would be a threat to the charade - the smoke and mirrors trick - that the Government has been playing on Westrail freight. The Opposition believes that the 1998 legislation was a delaying tactic because the Government believed it was about to sell Westrail freight and it has come back seeking to put in -

Mr Cowan: The only problem I have with the member is that too many people believe what she says. I have never heard such arrant nonsense.

Ms MacTIERNAN: They certainly do not believe the minister.

Mr Cowan: The member is just casting about. I am giving her some of her own back.

Ms MacTIERNAN: The minister should explain to me why the Government introduced the legislation as it did in 1998. If the minister wants to have this debate by way of interjection, he should explain to me -

Mr Cowan: That is the way the member's debates are normally conducted.

Ms MacTIERNAN: I am casting about here for an explanation.

Mr Cowan: The member is certainly casting about. There is no doubt about that.

Ms MacTIERNAN: The Deputy Premier should give me an explanation. I am trying to give the minister the benefit of the doubt.

Mr Cowan: Cast out another line.

Ms MacTIERNAN: I am trying to presume that members on the other side of the House are not complete dopes and that the National Party, a member of which is running the Transport portfolio, is not entirely populated by people who are completely deficient of any intellect. It was evident - on the admission of the Minister for Local Government at the time it was evident - that the National Competition Council would not give this proposal a tick. It was recognised the other day, in the speech introducing the Bill, that all the other stakeholders in the industry did not think the office of regulator would be independent and they were not happy with it. All of this was known. This is the puzzle. It was all known in November 1998 when the legislation was introduced. Nothing relevant has happened since then; it was all known. We are trying to work out whether members opposite are complete dopes or whether there is another reason for what is happening. I guess the minister is trying to get us to believe that they are complete dopes. Either way, they stand condemned. Members opposite are complete dopes who have made a fundamental blue, even though it was pointed out to them at the time by everyone, including the Opposition, the National Competition Council and all the other stakeholders in the industry. There must be some strategic reason for something so stupid being done. The only strategic advantage I can think of is that it was a delaying mechanism for the introduction of the regulator. Once this Bill goes through, it is not likely that the regulator will be up and running before the next election, and the regulator will not be in a position to have a look at Westrail's accounts and express the concerns that a lot of other people have been expressing about the dodgy accounting that has gone on in Westrail for the past five years. I have drawn this conclusion by way of inference because there is no other logical or compelling explanation.

Mr Cowan: It certainly has no basis in fact.

Ms MacTIERNAN: Unfortunately for the Deputy Premier, who loyally defends his National Party colleagues, he does not know who are the puppet masters who are actually pulling the strings.

We support the principle of third-party access and we support the principle, as we did in 1998, of the independence of the regulator of third-party access and that a public servant will not qualify for that degree of independence. The Opposition supports the basic thrust of the amending legislation. Its position has been consistent. However, to make sure there is no doubt, I want to put on record that the Opposition does not believe that a third-party access regime and code of conduct - even with an independent regulator - would work in a situation of vertical integration. We know that the vertical integration of the line is the Government's preferred model, and the only model it will seriously consider. Hon Mark Nevill forced the Government to make it look like it is prepared to consider other options, particularly that of allowing the Australian Rail Track Corporation to do a deal with one of the consortia for the management of the east-west line. However, the Minister for Transport is trying to undermine the ARTC. He has been racing around, madly photocopying the confidential offer made by the ARTC to lease and upgrade the Kwinana-Kalgoorlie line. The minister would not table that offer in the Parliament, although it was requested on 23 September. He photocopied the offer and sent it to every business he could think of to ensure that everyone in the commercial world would know what the ARTC had offered, but he will not allow this Parliament to have access to the offer. The Government will never consider any bid that includes the ARTC. The original structure of the legislation precluded the ARTC, or any other government-owned body, from having an equity role in any consortium. However, the Government had to backtrack and remove that requirement after Hon Mark Nevill came forward with his proposals. The Opposition believes that because the Government was reluctantly dragged to the position where it will allow ARTC to make a bid, the ARTC does not have a realistic chance of getting in on the act. After this information, which is of such commercial importance that it cannot be tabled in the House and the public cannot be made aware -

Mr Cowan: Did you ask ARTC for a copy of the document?

Ms MacTIERNAN: When permission was sought for the release of the document under freedom of information, the ARTC quite understandably said that it did not want the information disclosed because the material was commercially sensitive and would affect the bid. I assume that the ARTC did not know who made the FOI request. However, it also did not know that the Minister for Transport had photocopied that commercially sensitive document and posted copies of it to the Chamber of Commerce and Industry of Western Australia and the Chamber of Minerals and Energy of Western Australia. The Government cannot have it both ways. It cannot tell the Opposition that tabling the offer in the House will undermine and compromise the position of the ARTC in the bid process and then claim, in the same breath, that the outrageous conduct of the Minister for Transport in firing off those documents to the Chamber of Commerce and Industry and the Chamber of Minerals and Energy does not compromise the ARTC's position. The Opposition does not have the money to compete for a share in the Westrail business. Transport is not something in which it is involved. However, plenty of members of the Chamber of Commerce and Industry and the Chamber of Minerals and Energy are in that game and have that sort of money.

It was okay to give those organisations the commercially confidential information but it was not okay to give it to the Opposition. Now, even the small window of opportunity for any degree of vertical separation on the Kalgoorlie-Kwinana line has disappeared due to the conduct of the Minister for Transport; not that those proposals would ever have been seriously entertained. Realistically, the east-west line is probably the only line on which any real competition will occur. I agree with the Deputy Premier that by and large there will be no intra-modal competition on the narrow gauge line because the volumes of freight are too low.

The real concern about vertical integration and the failure of the third-party access regimes applies to the standard gauge line. However, if an important piece of transport infrastructure must operate as a monopoly, it should not be in private hands; it should be in public hands.

Due to what has occurred with the Australian Rail Track Corporation concerning the east-west line, it is unlikely to become a player in a consortia. More likely, vertical integration will occur on that line. Therefore, the regulator will try to control third-party access and the company that is managing the rail infrastructure also running a rail operation.

I note that one little paragraph has been included in the Bill in recognition of some of the inherent difficulties in trying to do that. It is included under proposed section 20(3) and reads -

Without limiting subsection (2), the powers given by this Division extend to financial information relating to a railway owner's own use of railway infrastructure to which the Code applies.

That is recognition that a regulator will have some difficulty trying to do a proper costing of third-party access when there is vertical integration. The very real possibility will always exist of transfer pricing. At what point of the company's total overall costing will there be proper accountability of costs of the above-line operation and costs of the below-line operation? That proposed subsection of the Bill is a cursory attempt to deal with the issue; it is a recognition of the difficulty involved. Of course, getting access to the documentation to do the analysis will be very difficult.

One must have an understanding of rail operations to appreciate the nature of the problems involved. It is possible to maintain a railway line in a way that benefits a particular configuration or collection of rolling stock. Achieving the optimum cost-benefit ratios if the above-line operator has locomotives and wagons of a particular class and type may well

require that line to be maintained in a very different way from that which would be appropriate for a private operator with a different configuration of rolling stock. Therefore, we have an inbuilt bias in that the track manager will maintain the line in a way that best financially suits him given his rolling stock.

Mr Cowan: He will maintain the line according to the contract requirements to the satisfaction of the owner - the State.

Ms MacTIERNAN: I do not think the legislation provides that.

Mr Cowan: I said "contract".

Ms MacTIERNAN: The Government will fix up all the problems in the secret contract that we will not be able to see.

Mr Cowan: I doubt there will be anything to fix up. The maintenance requirements will be included in the contract. That will determine the quality of the maintenance work and the standard of the track.

Ms MacTIERNAN: Of course, we have no guarantees that that will be the case. Presumably the Government is a long way down the track with the planning. Can the Deputy Premier provide a sample of the standards and how the quality control will be established? Various performance indicators can be established for rail operations. This is a substantial problem. Can the Deputy Premier provide the set of performance indicators that will be enshrined in the contract to ensure an objective standard of maintenance?

Mr Cowan: The member can be very sure that that will be one of the first things we will be required to do to give some comfort to those using the service. We will be required to give a clear indication of the operator's contractual obligations to ensure the quality of the track, whether that relates to the load bearing capacity or to the speed component. They are the two basic criteria and they will be clearly known.

Ms MacTIERNAN: The performance indicators will be based only on those two criteria.

Mr Cowan: I said that they are the two basic criteria. I wish you would not keep putting words into my mouth.

Ms MacTIERNAN: I am getting it clear. Will the Deputy Premier provide a list of performance indicators required of the contractor?

Mr Cowan: I can only repeat myself: We will have to satisfy the current users -

Ms MacTIERNAN: We are asking whether the Deputy Premier will provide this Parliament -

Mr Cowan: Let me finish! If not, I will remain totally silent now and answer these questions later.

Ms MacTIERNAN: The Deputy Premier is simply repeating what he said previously. I do not know what the users will require the Government to produce. Is the Deputy Premier prepared to provide a set of performance indicators?

Mr Cowan: I will explain it again: The users will need to be satisfied that the track will be maintained to an appropriate standard. We will need to give those assurances - there is no question about that - and I am sure that in giving those assurances to the users of the track, you will be perfectly satisfied with the answers they are given, because they will be asking questions that are probably more detailed but somewhat similar in principle to the questions that you are asking now.

Ms MacTIERNAN: This is bizarre. Why will the Deputy Premier not say that he is so confident that the Government has got this right and that there will be no problem with the sale of Westrail and the access regime that will govern third-party access that he is prepared to tell us what the performance indicators will be?

Mr Cowan: If you stopped and thought about it, you would know that you just got that, but nevertheless -

Ms MacTIERNAN: The Deputy Premier has just said that the Government will be obliged to give assurances to the users. How will the Government be obliged? Will it be contractually obliged or politically obliged?

Mr Cowan: Both, I imagine, but certainly the latter.

Ms MacTIERNAN: There is no legislative obligation for the Government to give that sort of information to the users. What we have just heard from the Deputy Premier can only be described as complete and utter twaddle. The Deputy Premier has moved into his Sir Humphrey mode, whereby he gives bland reassurances that everything will be okay. We want to get down to specifics. We do not want the waffle.

Mr Cowan: We have had it for the past 34 minutes.

Ms MacTIERNAN: That is no way for the Deputy Premier to talk about his interjections! An important issue is the difficulty of a regulator governing the proper costings of third-party access. That difficulty arises from the possibility of changing the maintenance regime to suit a particular set of rolling stock. The Deputy Premier's response to this - which was interesting, and for once not completely illogical - was that the Government will specify maintenance standards, which presumably will be objectively assessable.

Mr Thomas: And tariffs?

Ms MacTIERNAN: That is another issue. If that is the reassurance, and if we are supposed to take that away with us and say, "There is no problem; we will have objectively-assessed maintenance standards", can the Deputy Premier tell us what other performance indicators we will have apart from axle loading and speed requirements?

Mr Cowan: What else do you want?

Ms MacTIERNAN: Does the Deputy Premier have any other performance indicators?

Mr Cowan: Do you have any? Tell us about the others.

Ms MacTIERNAN: There is a range of performance indicators to do with the quality and profiling of the rail -

Mr Cowan: Which is directly related to the load-bearing capacity.

Ms MacTIERNAN: Is the Deputy Premier saying that his standards will be purely in terms of those gross parameters - load-bearing capacity and -

Mr Cowan: Of course there will be more than that. You are the person asking all the questions, and I just wanted to know whether you know your stuff. You have proved that you do not.

Ms MacTIERNAN: If the Government does not sell the tracks and just gives access to them on a long-term lease, which in many ways is tantamount to a sale, and if it just uses those very broad parameters for assessment, one of the problems is that it may sweat the asset. The Government may be able to achieve certain axle loadings for a period, but these will damage the rail profile and its longevity. All sorts of problems will arise if the Government uses only axle loading and speed - and we do not know whether we are talking about average speeds or maximum speeds here. Severe limitations will be placed on determining the longevity of the line if the Government relies purely on those performance indicators, and it seems to me to be a very risky way of going about the business. Apropos to that, is there any proposal to have a performance bond in the contract?

Mr Cowan: I do not know. I will need to take that on notice.

Ms MacTIERNAN: I am interested to know the size of this performance bond and how it will be accessed, because all of these things are interrelated. The existence of a performance bond will ensure that the performance standards are met, and this in turn will affect the capacity of the regulator to ensure that there is a level playing field for the different operators on the line, given the privileged position that the companies that are associated with the track manager will have as an above-line rail operator.

We have some concerns about the degree of independence, even under this new model. While we do not object to the minister's having the ultimate capacity to determine who will be the regulator, this Bill will allow the minister to conceal the fact that he has made a direct appointment, and we will be moving to delete that provision from the legislation.

What is about to happen to the rail network in Western Australia is a tragedy, and we can only hope that we will have a change of government before this iniquitous sale goes through. Even if the sale does not go through, there is still a place for third-party rail access, and we are very keen to have vertical separation on the east-west line and to have a bunch of companies compete for the work on that line, because that will benefit the entire State. I do not share the Government's supposed pessimism about Westrail's capacity to compete. I believe Westrail has an operational staff that is second to none, and once it has had a revamp of its management, it will be more than able to hold its own in that competitive environment.

I suspect that the reason the Government has had to drum up a lot of these arguments against Westrail is that its National Party ministers have racked up a huge debt for road building with their Transform WA frenzies. In order to address this problem of ever-increasing debt, the Government is saying, "We have put the State in hock for in excess of \$220m for road building, where traditionally we have not accumulated debt for road building, but the quid pro quo is that if we sell Westrail, we will be able to diminish that debt." It is interesting to look at the way in which the Government has changed its tune about the price it will get for Westrail. The very early mutterings were in excess of \$1b.

Mr Cowan: I beg your pardon?

Ms MacTIERNAN: The very early mutterings were in excess of \$1b.

Mr Cowan: Did you give them any credibility?

Ms MacTIERNAN: No, because I knew how shonky the Government's bookkeeping was.

Mr Cowan: Neither did we.

Ms MacTIERNAN: I do not know whether the Government was engaging in deceptive and misleading conduct once again, but for the Deputy Premier's benefit, I can bring to him the advertisement the Government used to recruit Mr Baker.

Mr Thomas interjected.

Ms MacTIERNAN: Yes, we have a rail system for the Government and we will give it some steak knives. The advertisement was headed \$1b asset sale. Unless the Deputy Premier is lying, at that stage the Government was seeing this as a sale worth around \$1b. When the ministerial road show was going around the various country centres trying to persuade people that this was a bonzer idea, we noted that the price floated down to about \$800m and then down to about \$600m. I guess it is a softening up process, because once a company does a due diligence, it may not even offer that amount. There is a bit of softening up going on whereby the Government is saying that it is not necessarily after the biggest price but it is after the best operator. When a low price comes in, I suspect that will be the excuse.

Mr Thomas interjected.

Ms MacTIERNAN: That is right; it is like what we had before. I also fear that if the election is held in February next year, a scenario could arise in which a certain price of, say, \$700m will be announced, but we will not see the fine print of that offer. There will be a core part of that price of around \$300m or \$400m. The remaining part might be subject to a due diligence study whereby the company can, having gone through the books and thoroughly inspected the standard of the track and the rolling stock, etc, say that this was not necessarily as it was represented before and the company will negotiate that aspect of the price. That probably would not become evident until after the election. I do not know whether there will be any sums in the offer. Bearing in mind that the preparation of all these tender documents is well and truly under way, is it proposed that there be any capacity for a company, having been named as the preferred proponent, to have a contingent aspect of its purchase price which it offers? If there is a contingent component, how is that contingency to be determined? I suspect that we might see a bit of a fiddle there.

Returning to our original comments, we told the Government so. We have been proved right on this one and in the future we will be proved right on the proposal to sell Westrail. That will be seen to be a very short-sighted arrangement. One can only hope that there is a change of government before this very silly and misguided piece of government privatisation is put into effect.

MR THOMAS (Cockburn) [3.44 pm]: I am pleased to have the opportunity to follow my colleague the member for Armadale and support the position she has taken on this Bill. The Opposition is pleased to see the establishment of an independent Rail Access Regulator and believes it is very necessary. The need for a regulator with independence is particularly necessary because the Government is selling Westrail in a situation in which it will remain vertically integrated. The market will be distorted by the fact that one of the players in that market has an advantage over others. If that is not to be turned to an unfair advantage, it is necessary to have a regulator who is independent and who has the power to undertake those important functions. We would prefer, as my colleague has said on a number of occasions, that that was not necessary. Obviously it is still necessary to have a regulator, but we prefer that that inherent distortion or bias in the market was not there by virtue of having vertical disaggregation, so that we do not have a situation in which the person who owns the underlying infrastructure is also an operator of the rail system. That argument has been had a number of times and my colleague alluded to it a number of times during her speech. It is worthwhile to review how we have come to the situation, because, in my view, it is a result of a very unhappy history of Bills and propositions that should not have taken place. I believe that the Government lied to the electorate prior to the last election. If it did not consciously lie to the electorate, it engaged in what my colleague referred to as deceptive and misleading conduct. When asked about privatisation and its attitude to AlintaGas and Westrail, the Government said words to the effect that it had no plans for the privatisation of those two utilities. Now, less than a year before the next election, legislation has presented for the privatisation of those organisations. We are now dealing with tidying-up matters such as the regulation of third-party access in those privatised markets.

The Government will be punished, and it will lose the next election. One of the reasons it will lose the next election is that it has been engaged in the privatisation of organisations that are well regarded by the people of Western Australia. I will not go into the argument of whether it is desirable to privatise those organisations, but the point is that everyone must acknowledge that they are major policy decisions. When a Government says that it has no plans to engage in conduct X, the electors at the election are entitled to believe that it will not engage in conduct X, whatever that happens to be. After the last election, the Government said, "We had no plans then but we have a couple of plans now, and guess what we will do?" Ministers glibly say that they did not actively mislead people and that they were correct when they said that they had no plans then, that the plans have evolved since then and that it is their intention to privatise those organisations. My sorrow at the Government's conduct in those matters is profound. Although it will be satisfying to see the Government lose the next election and be consigned to opposition benches - in part because the Government has deceived the electorate and the electorate will punish the Government for deceiving it because the electorate looks fondly upon Westrail and AlintaGas and wants to see those organisations remain in private ownership - my sorrow is that it may be too late to unscramble the egg. It may be too late to retain those organisations in public ownership. Although it will be satisfying to see the Government punished politically for being so deceptive with the electorate, I am very sad that it may not be possible to undo the evil that has been done.

I now digress briefly to consider regulation in general. It is most important that a market with an element of vertical integration has proper regulation. I have referred on a number of occasions to litigation involving Western Power and the Normandy Poseidon Group over what Normandy regards as breaches of the Trade Practices Act by Western Power in an open market with third-party access rights. Other operators, such as Normandy Poseidon, are able to compete in the power generation market. The matter will be heard before the Federal Court later this year or early next year. The company alleges that Western Power engaged in uncompetitive conduct to protect its market share in a competitive electricity generation market. Western Power has the capacity in a vertically integrated market - as the rail market will be - to restrict access of competitors to the transmission infrastructure. In the same way, if the owner of the rail line provides rail freight services, it can also act to protect its market share to the disadvantage of competitors.

The Government says that it will be all right as it will place Chinese walls in the organisation; therefore, people who run the rail cannot talk to people who administer the rolling stock on that rail. It will be as though they are separate organisations. I recommend that the Deputy Premier and the Minister for Energy, if they have not already done so, read the statement of claim in the Normandy Poseidon-Western Power case. It is a manual on how to protect market share in a market with vertical integration. For example, it is necessary for an operator that wants to satisfy a market to know it will

have access to capacity. If an operator seeks to satisfy a certain customer, it will approach the provider of the rail infrastructure and ask whether it has capacity for the operator to run X-thousand tonnes a week along a section of track. The track provider will be obliged to give that information; I assume the regulations will contain some requirement for that information to be provided. The competitor will then be given market intelligence. The capacity required to send a certain amount of freight along a line between certain times would be known. In a small State like Western Australia, it would not be hard to work out precisely the market share. If the Chinese walls are not quite as thick as they should be in the organisation concerned, it would be possible for the market intelligence to move from one part of the organisation to another, which would give the operator an advantage over competitors.

That is alleged to have happened with Western Power. I do not know whether it is true. I have read the statement of claim, not the defence. If the matter is ever heard, it will be interesting to hear the evidence and the claims made. However, 99 per cent of matters in that area of law are not heard and are dealt with through affidavits and counter-affidavits. Therefore, it may not be conducted in the public arena with witnesses subject to cross-examination. The point is that enormous capacity exists for market advantage to be generated with vertical integration. An organisation has an enormous commercial incentive to engage in such conduct. An elaborate and effective system of Chinese walls is necessary. Above all else, one needs a powerful, competent and independent regulator.

When these matters were considered earlier by this Chamber, that precise point was made by the Opposition. The Government wanted a micky mouse scheme by which the Director General of Transport would answer to the Minister for Transport, who would be responsible for whatever was left of public transport. The minister would be the regulator. Industry participants would not regard that as acceptable. Likewise, participants in the energy industry would not allow the Minister for Energy's mickey mouse scheme for regulation of that industry. He sought light-handed regulation, by which he would look after things: "There's no need to complicate matters with formal regulators; we'll run it out of the minister's office." That scheme has been rejected.

Mr Barnett: That is arrant nonsense, and you know it. As if I would run the regulation out of my office. You insult the Labor Party by your comments.

Mr THOMAS: The minister used the phrase "light-handed regulation".

Mr Barnett: Yes. It is a damned sight better than the very prescriptive national access code.

Mr THOMAS: The minister should ask the participants in the industry who have experience of the minister's light-handed regulation with the goldfield's gas pipeline about it. It is a joke!

Mr Barnett: The light-handed regulation allowed the pipeline to be built, and allowed Normandy and others to get into power generation. There is that side to it as well.

Mr THOMAS: The minister mounts his defence for his light-handed mickey mouse regulation. He says he will allow a system in which people achieve higher rates, which will attract them to building infrastructure.

The DEPUTY SPEAKER: I remind members that we are talking about rail.

Mr THOMAS: Thank you, Mr Deputy Speaker. We are talking about rail access regulation.

Mr Barnett: Why not talk about it then? You have eight minutes left; can you talk about rail? We have had the energy debate about 20 times; I am happy to have it another dozen times, but why not talk about rail?

Mr THOMAS: We may not have a chance to have another dozen debates - but maybe we can have a few more.

I refer to the principle of regulation in general. Common factors are involved with access regulation with water, gas, electricity or rail; therefore, one can talk about it in the abstract. The Minister for Energy has heard me say that a regulator general should be available; that is, someone to undertake the capacity of regulator in each of the areas in which regulation is necessary. We have reached that point now. Regulators have the propensity to be captured by the industries they regulate, and libraries of books are written on the subject. I have been to the United States to look at the issue of energy. People involved in the industry there point out that the building which houses the office of the regulator is often larger than that housing the office of the utility; that is, the regulation industry is in many cases bigger than the industry which it seeks to regulate. I agree with the minister that that is not a desirable outcome. In a State like WA with a comparatively small industry it is possible to have relatively small organisations involved, so regulation should not become an industry in itself. It is with that sort of economy in mind that I suggest the notion of a regulator general. The nature of the propositions that come before regulators, whether of rail, gas or electricity, are often similar. Very often the people who can be engaged in one area can do the job of regulating in another area. The notion of a regulator general has the additional advantage of reducing the propensity for capture. The Labor Party argued that basis on a number of occasions when we debated whether the regulation of the gas industry should be undertaken by either the Australian Competition and Consumer Commission or an organisation established under state legislation, because we wanted to avoid the likelihood of capture. We felt that in a State with a small population there was a likelihood of capture, and the independence of the regulator and the protection of consumers' interests was more likely to be protected by an organisation with broader terms of reference. In debate on the minister's proposal to set up a gas access regulator in Western Australia I said there were two ways to do that: The first is for the Federal Government to be the regulator. An organisation like the ACCC, which is a well-established organisation with the infrastructure for carrying out that sort of job, would have a wide brief and was unlikely, for that reason, to be captured. The second way, if we want to keep regulation within this jurisdiction - I am a patriotic Western Australian too,

and would like to retain these things in this jurisdiction if it is possible to do so - is to set up a regulator general who will regulate gas, electricity, water and rail access. In that way we will have a body whose terms of reference are broad enough so that it is less likely to be captured. I suspect that will lead to some economies of scale in setting up the organisations that are required. Having come to that point, it is necessary that the regulators must be independent, fearless and in a situation where the propensity to capture is small. I mentioned earlier what I regard as the minister's mickey mouse regulation regimes prior to the feds' involvement, forcing upon him the necessity to set up a proper regulatory regime; it has happened again with rail.

Mr Barnett: You seem to forget while you use terms like mickey mouse - you can do that if you want to - that the one salient point is that the regulatory regime in energy in this State preceded the national access code. When we did it, we said we would comply with the code once that was agreed. We had a regulatory regime in place in Western Australia pre-ACCC and the access code. There are problems with the code. It does not reflect well on the Labor Party that as a group in debate last week - not the member personally - it tried to undermine the independence of the gas access regulator. Members opposite had egg all over their faces because the issue had already been looked at by the Auditor General. If you have an independent regulator you have to respect the office and the person.

Mr THOMAS: I do.

Mr Barnett: It is a good lesson for the Labor Party to take notice of.

Mr THOMAS: If the minister is talking about the gas access regulator, I have enormous respect for him.

Mr Barnett: Your party tried to undermine the independence of that position last Wednesday.

Mr THOMAS: That is the minister's construction of the debate. It is an absurd interpretation.

Mr Barnett: Your leader described the motion to set up a committee as a political weapon. That was the degree of integrity of the Labor Party.

Mr THOMAS: The minister has a thin skin when it comes to these matters. What has happened is that he has disposed of a major asset, and one of the major resource companies in the world is alleging that something different from the minister's account of events occurred. The Labor Party is saying, and what the Leader of the Opposition and Deputy Leader of the Opposition said in the debate that I heard, is that we do not know. The minister has not produced documents to prove that his account of the case is correct - he does not address the point. Neither do we know whether what Epic Energy says is correct.

Mr Barnett: You do not accept the Auditor General's report?

Mr THOMAS: We have a job to do in the Parliament and we want the Parliament of Western Australia to satisfy itself that this has been done properly. That was another debate. On this occasion we are debating rail access. I make the point that my proposition indicates the merit of having a regulator general that will be separate from the specific industries to which it might relate, and could cover not only rail but also energy and water.

MR COWAN (Merredin - Deputy Premier) [4.05 pm]: I will deal predominantly with those issues that relate to this legislation. Without meaning any disrespect to members, I will ignore some of the more general comments that were made by both members, particularly the comments on the need for a general office of regulator to look at regulation in a range of fields. This legislation does not do that, and that debate can perhaps be confined to another time when a member decides to introduce it or we have a substantive motion to that effect. I do not mean any disrespect to the member for Cockburn.

Mr Thomas: None taken.

Mr COWAN: I thank the member. I prefer to confine my remarks to the Bill before the House.

The member for Armadale began with some fairly predictable remarks such as, "I told you so". She is perfectly able to say that, because she did tell us that at some time or another we would have to introduce legislation that established an independent Rail Access Regulator rather than through the legislation in which we initially attempted to do that. We accept that. That has occurred and is on the record. We do not have a hang-up about acknowledging that what the member for Armadale predicted took effect. It was helped by a decision made by Mr Speaker on whether it was possible to introduce the position of independent regulator through the legislation that dealt with the sale of Westrail freight. That ruling brought about this Bill.

Ms MacTiernan: The ruling has not brought about the independent regulator?

Mr COWAN: No; it has brought about this separate legislation. The comments of the member for Armadale need to be challenged - in particular, the origins of the need for an independent regulator for rail. The Government Railways (Access) Bill was brought into the House in early June 1998. About two months after that, the Government announced that it would look to sell the freight business of Westrail. At that time it was made clear by the National Competition Council that it did not insist on an independent office of regulator prior to the announcement made by the then Minister for Transport. The view was that the sale of Westrail freight would effectively remove the perceived conflict of interest as Westrail's freight business would no longer report to the Minister for Transport, because it would be in the hands of a private operator. Since that time opinion has changed and there is a requirement for an independent regulator. We welcome that. This enabling legislation seeks to put that into effect.

Ms MacTiernan: When you introduced the legislation it was to apply to Westrail.

Mr COWAN: I will repeat myself for the benefit of the member for Armadale, because she was busy trying to conjure up one or two more amendments she might have the House consider during the consideration in detail stage. The railways access legislation was introduced into the Parliament in 1998, about two months after the then minister announced that the Government would endeavour, subject to certain conditions, to offer the Westrail freight business for sale. At that time the NCC did not indicate that it expected, nor did it insist on, an independent office of rail regulator, prior to or immediately after that announcement.

Ms MacTiernan: The view held by the NCC at that time, because the Government intended to sell Westrail's freight business, was that it would remove and put at arm's length that freight business from the Minister for Transport. Can I refer you to *Hansard* at the time?

Mr COWAN: I cannot keep on talking about that one issue. I would much rather get on with the consideration of this legislation in detail.

Ms MacTiernan: What you said was completely untrue, Deputy Premier.

Mr COWAN: The Opposition can rightly say that its prediction that separate legislation to provide for a more independent regulator would be required, rather than that office being occupied by the Director General of Transport, has come to pass. We acknowledge that what the Opposition said would occur will be given effect with this legislation. However, some of the other inferences the member for Armadale is so intent on drawing and all the assumptions that follow whenever she makes one statement of fact, which I acknowledge has been made, are totally incorrect. That is the point I am making, and I do not intend to dwell on that. The point has been made, and the member should be charitable enough to acknowledge that.

After that issue was mentioned, very little in the debate related to the provisions in this legislation. However, one or two issues were raised and I intend to do my best to answer those. They will certainly be part of the debate as we undertake the process. I can assure the member for Armadale that her claim that tender documents are being drawn up at this moment indicates her ignorance of the way these processes operate. The first task is to call for expressions of interest. Once we have received them we then submit a request for a proposal, from which the assessment panel determines which company makes a contribution to the operation of the freight business in this State. I suspect that, as usual, the member for Armadale is wrong.

Ms MacTiernan: I am fully aware of the process. I am saying that your officers have said that all the documentation is ready to go; they are now going through the processing. They have had about two years to prepare those documents. The documents are prepared. I want to know what is in them.

Mr COWAN: For the benefit of the listening skills of the member for Armadale, I will repeat myself. When we refer to the preparation of documents, we are referring to the process. I have given an indication of what is involved in that process. I suspect that the documentation to which the member for Armadale referred is probably the documentation that will be sent out seeking expressions of interest from companies that obviously have an interest in the rail freight transport business. Nothing more or less than that will be occurring. I would be disappointed if the Westrail freight sale task force has not done some preliminary work on requests for proposal documentation or, indeed, a contract that may emanate from a successful proposal.

To refer to tender documents demonstrates the member's ignorance and we do not need to dwell on that.

Ms MacTiernan: I referred to proposal documents being drawn up.

Mr COWAN: The member for Armadale referred to tender documents. She should not keep changing horses midstream.

The member for Armadale inquired about performance indicators. This is an important issue and one of the few areas in the legislation that was touched on during this debate. The access code requires performance indicators to be negotiated as part of any access contract for both parties; that is, the access seeker or the track operator.

Ms MacTiernan: That is not where they need to be locked in. They need to be in the contract with the Government.

Mr COWAN: The access code will certainly prevent the track operator from charging an access seeker for infrastructure that is not required by a third party seeking access to the track. I think it is known in the industry as gold plating. In other words, the operator will not be permitted to charge the company seeking access for infrastructure it does not need. Similarly, if an access seeker has a requirement for either a heavier load or higher speeds and that is not part of the requirement for any other party that uses that line, there is provision in the Bill for the company seeking access to apply a level of investment to the track at its own expense so that it can perform to that standard.

The member for Armadale raised, somewhat obliquely, her concern about the operator running down the quality of what will remain within the ownership of the State; that is, the track, and at the end of the lease leaving the State with ownership of an asset that had been devalued due to lack of investment in the track. The member referred, I think, to performance bonds. I am not quite sure how the process would be implemented, but I can assure the member for Armadale that the lease will contain a mechanism to ensure that over the last period of operation something will be in place that will correspond to a performance bond or perhaps a sinking fund. It will ensure either a level of maintenance or the capacity to pay for the maintenance to guarantee that when the lease ends we will not have a run-down asset that requires a huge level of

investment from the State, or perhaps a new operator who might have to bring the track up to a standard acceptable to other people who want to gain access to it.

Ms MacTiernan: Show us the provision. We know the minister can make assurances, but we want to see the text under which it will be inserted in the request for proposal.

Mr COWAN: I suggest the member look again at the access code. I am very pleased that at least the member for Armadale and the member for Cockburn had something in common with members on this side of the House inasmuch as they support this legislation, for which I thank them.

Question put and passed.

Bill read a second time.

Consideration in Detail

Clause 1: Short title -

Ms MacTIERNAN: I assure the Deputy Premier that the Opposition listens very closely to his words during parliamentary debates, much closer than he listens to them. During the second reading debate on this Bill the minister claimed he had never said that he had proscribed the sale of the track; he said that he always spoke about the Government intention. He certainly spoke about the intention, we do not deny that, but he went beyond that. I use this opportunity to quote what he said so the Deputy Premier can be assured that the Opposition is more accurate than he is. On 25 May 2000 the Deputy Premier said -

There is no intention on the part of the Government to sell the track or any other asset above the line. The member is now asking a question beyond government intention, about whether there is in the legislation some capacity to prohibit that. My understanding is that there is. We can debate this for quite some time. The member may say that there is no capacity for the State to be inhibited in any way, but my view is that the State is inhibited and that it cannot sell the track.

The point is not that the Deputy Premier was wrong - he clearly was wrong, and that was demonstrated during that debate - but he was wrong again today in claiming that he had only ever said that it was not the Government's intention to sell the track, not that it was prohibited by the legislation. It is important before the Deputy Premier gets up and engages in gratuitous insults that he checks the facts.

Clause put and passed.

Clauses 2 to 5 put and passed.

Clause 6: Part 3 Division 1 replaced -

Ms MacTIERNAN: I am concerned about the Government's intention for the funding of this position, bearing in mind that it will be a large task, particularly given that we are dealing with a vertically-integrated operation. As we go further into the legislation we will see that the regulator, because of the vertical integration, must look not only at the cost of providing infrastructure, but also at the cost to the infrastructure provider of operating its above-line operation, because it is recognised that there is the capacity for transfer pricing or for moving items of expenditure between the below-line and the above-line operation. It will be a difficult and complex undertaking to do the job properly. It will require a detailed analysis of not only the track infrastructure, but also the operations of the above-line operation that is associated with the track manager. Therefore, the capacity of the regulator to do this depends not only on the legislative framework, but also on the money that will be provided to the regulator.

The budget figures show - I wonder if the minister can give us some idea of why we are seeing this - that in the first year of operation, \$750 000 is allocated; in the second year, \$700 000; then it drops dramatically to \$500 000; and thereafter, in 2003-04, it drops to \$309 000. That is a dramatic drop in the budget allocation. The budget is basically slashed in half over four years. Granted there might be some set-up costs in the first couple of years that will not be replicated. I would like an explanation from the Government on the level of staffing the office of the regulator will have. What were the mechanisms the Government used to calculate these provisions in the current budget and in the forward estimates for the following three years?

It is all very well to have a regulator and a code of practice or an access code, but unless the regulator is properly resourced there is no way it will be able to ensure there is a level playing field. Without wanting to say this ad nauseam, it is particularly important given the prospect of vertical integration. It is not a normal third-party rail access regime. The Government has been unable to point to another model around the world that has a third party rail access regime that must work in an environment where there is vertical integration. It attempted to do that during the Legislative Council hearings, but was very embarrassed because it could point only to situations where there were some mutual agreements between some United States rail operators - not an access code. I would like some comment from the Government about what staffing levels it is proposing, and also an explanation of why the amounts allocated in the budget will drop away so dramatically.

Mr COWAN: If the member referred to the second reading speech, she would notice that the responsibilities of the regulator are outlined. They are -

In addition to the monitoring and enforcement role, the regulator is responsible for -

reviewing the effectiveness of the code after three years and then every five years;

establishing panels of persons who may act as arbitrators - on the recommendation of the Chairman of the WA Chapter of the Institute of Arbitrators and Mediators Australia;

appointing suitable persons from the above panel to act as arbitrators to hear and determine disputes related to the negotiation of access agreements;

approving a number of elements in the regime such as Westrail's floor and ceiling prices for each route, costing principles, network management principles, train path allocation policies and capacity transfer policy;

registering access agreements and arbitrators' determinations; and

annually determining and publishing the weighted average cost of capital for use in calculating the capital costs used in setting access ceiling prices.

Of those, items four and five will be up-front. As a consequence, higher appropriations of funds will be set aside in the early years. They are not just for the establishment of the office of the Rail Access Regulator. At least two people will be employed permanently and one on a part-time basis, maybe more.

Ms MacTiernan: What sort of levels will they be on?

Mr COWAN: I do not know. I cannot give the member that level of detail.

Ms MacTiernan: Will they be accountants or reception staff?

Mr COWAN: It is likely they will have professional qualifications. I am sure at least two members will hold reasonably high levels in the department, according to the standard levels. They will probably be about level 6 or 8. That is my understanding; the member should not hold me to that.

Ms MacTiernan: Is the Rail Access Regulator full time?

Mr COWAN: I do not think so. There has been no call for arbitration in the time that access to the Westrail track has been available to third parties. It went close when Specialized Container Transport sought some detail. Five operators use Westrail's track and there has not been any call for independent arbitration on access. The Government does not anticipate this legislation will create a huge volume of work. The original question was about the costs: The second reading speech shows that, should the office of the Rail Access Regulator be asked to arbitrate a particular matter, it will need to meet some requirements to be competent in making decisions and determinations.

Ms MacTiernan: I understood that the regulator would not arbitrate.

Mr COWAN: The member is right. However, the office of the regulator will do the work in the early stages. The requirements are outlined in the second reading speech.

Ms MacTiernan: When did the access code come into operation?

Mr COWAN: It is not yet operating. The Government is waiting for this legislation to be passed.

Ms MacTIERNAN: That is of some concern, because the Rail Access Regulator is obligated to undertake a full review of the access code after three years. I presume that will be a big task. Yet, the funding falls away in the third year of the access code's operation. One of the big tasks of the office of the regulator - reviewing the effectiveness of the access code - will need to be done in the year in which the budget funds will be slashed. Has the Government thought the forward estimate funding of this regulator through and calculated whether the regulator will be able to put that review into effect with the money it is allocated?

Mr COWAN: I am sure the member acknowledges that forward estimates are exactly that - estimates. I have no doubt that, should there be an outcome similar to that she has predicted, the regulator would have the responsibility of submitting an application to Treasury, through the responsible minister, for additional funds.

Ms MacTiernan: Are you saying that the forward estimates are not worth the paper they are written on?

Mr COWAN: I did not say that; that is what the member said. In my experience, forward estimates are estimates; not actuals. If there is a clear and justifiable need for additional funds for the regulator to undertake the things the member spoke about, the Government will treat its application in the same way it treats all genuine application for funds. I am pleased that the member for Armadale has finally acknowledged that we will still be in government in three years.

Ms MacTIERNAN: Not at all. I was just about to add that it will be our problem, not that of the Deputy Premier. It will be our problem throughout the Transport portfolio, in which pathetic allocations have been made for future years to carry out undertakings made by this Liberal Government. The pattern of funding is inconsistent with the pattern of responsibilities that have been set out and were described in the second reading speech. The Opposition recognises there will be increased start-up costs, but it is concerned about the dramatic fall away in funds, particularly in the year in which a review must be undertaken. I think the Minister for Transport has underestimated what it will be like in the new environment. Many of the new rail operations are just getting up and running. Intrastate access became available only very recently. Is intrastate access available on the standard gauge line?

Mr COWAN: Intrastate access?

Ms MacTIERNAN: The National Rail Corporation Ltd was not able to operate intrastate. The last time such legislation was before the House, we were told that when royal assent was given National Rail and other operators would be able to compete with the intrastate traffic; that is, traffic internal to Western Australia, as opposed to the interstate traffic. The Opposition also understood that would happen when the rail access code came into operation, although it had to be approved by the National Competition Council. Is intrastate traffic allowed on the standard gauge line?

Mr Cowan: To my knowledge, the answer is no, and it is not being sought.

Ms MacTIERNAN: I find that odd, because we had representations from National Rail. It was keen for the original Bill to be passed because it wanted access to the intrastate trade.

Mr Cowan: On which line?

Ms MacTIERNAN: On the Kalgoorlie-Kwinana standard gauge line largely for intrastate, which means internally. When this Bill was last debated this was one of the big issues. I will quote *Hansard*. I said to the minister -

I realise the minister is acting in a representative capacity but concern has been expressed by the National Rail Corporation about the delay and the Government's intention to possibly exclude National Rail from participating in intrastate rail freight in Western Australia. Could the minister confirm that part 6 must be passed to allow National Rail to carry intrastate freight and compete with Westrail? I have been approached by a number of resource operations concerned about the attempts to stymie competition from National Rail . . .

Mr Cowan: Was that an accurate quote from you?

Ms MacTIERNAN: I was reiterating. Mr Omodei then said -

What the member is saying is correct. Part 6 enables National Rail to participate in intrastate rail operations with the approval of the Minister for Transport.

Mr CUNNINGHAM: I am enthralled by what the member for Armadale is saying and I would like to hear more from her.

Ms MacTIERNAN: I thank the member for Girrawheen. It is an important point.

Mr Cowan: You can repeat yourself, but nothing has changed since that debate.

Ms MacTIERNAN: The Government is all over the place.

Mr Cowan: No, we are not.

Ms MacTIERNAN: I asked the minister if there was intrastate competition on the line and the minister said there was not and we must wait until this amendment on the access code is passed. Yet, the last time this legislation came before the House, we were told something completely different. The Government acknowledged, which it is now denying, that National Rail wanted to compete in intrastate rail operations and that competition would come into operation immediately the Bill was given royal assent. What has changed? Why is National Rail not now competing? Mr Omodei went on to say -

Clause 2 states -

(1) Part 6 comes into operation on the day on which this Act receives the Royal Assent.

Is the minister saying that the Act has not received royal assent? It is very confusing to get different descriptions of the principal legislation from two different representative ministers. These issues are all relevant and while the minister is thinking about it, I will explain the reason for their relevance. This Bill is all about third-party access and the Australian Labor Party is raising the question of appropriate funding to guarantee that third-party access. The minister said that no-one has approached the Government yet under this access regime requiring arbitration. It is hardly surprising, if the legislation has not even been given royal assent and if the Government is not allowing people to participate, that no-one has sought arbitration or sought guidance from the regulator. The minister should come to this place somewhat better briefed. The Specialized Container Transport group went to the National Competition Council, which is why this whole process was started, and the Government was dragged into it. Can the minister explain whether royal assent has been given to the Act?

Mr Cowan: I do not know what the member is getting at.

Ms MacTIERNAN: Is the minister currently allowing third parties to operate in the intrastate trade, which was previously prescribed by legislation?

Mr COWAN: I will try to clear up this matter as best as I possibly can. No company that is operating on an intrastate basis with intrastate freight currently has access to Westrail's track. Should someone ask for the opportunity to transport freight on an intrastate basis, the minister could grant that under section 61 of the Government Railways Act. I understand that part 6 of the Government Railways (Access) Act will establish the necessary regime to allow that to occur for National Rail operators under that Act. Therefore they could seek permission to do that under section 61 of the Government Railways Act which would be subject to ministerial approval. Part 6 came into force when the legislation was enacted.

Ms MacTiernan: Can the minister clarify that? Has part 6 of the principal Act not yet been subject to royal assent?

Mr COWAN: It is in operation now. I will get some clarification for the member because there is confusion about that. I regret that I cannot give that advice now. However, I will give the member that advice either during the third reading debate or later. I do not want to be wrong.

Ms MacTIERNAN: I guess the minister would have three strikes and he would be out! There is obviously conflict about what has been said. However, if third parties are not being given access now, it is a nonsense for the minister to say, in response to our concerns about the level of funding, that it is not an issue as no-one has been seeking access. If people have not been seeking access because they have been legislatively prohibited from doing so, it is silly to say that people simply do not want to do it. The Minister for Local Government acknowledged in the debate on 18 November 1998 that National Rail had an interest in operating intrastate. It is true that the Government was trying to stall as far as possible that happening, due to its concern that a loss of its clientele, for example Anaconda Nickel, would jeopardise the sale price it could attract for the sale of Westrail freight. It is important that we clarify that. People cannot make intelligent assessments about whether the regulator has been properly and honestly funded until that point is clear.

Mr COWAN: Having found the provision in the Government Railways (Access) Act that deals with this, I can speak with some authority. Section 2(1) clearly states that section 6 comes into operation on the day on which the Act receives royal assent. It has received that. As a consequence, under section 61 of the Government Railways Act, that will allow the National Rail Corporation to follow the course of action that can be followed by Specialized Container Transport and Toll Rail, which allows them to make an application to the Minister for Transport for the transport of intrastate freight.

Ms MacTiernan: They can do that now?

Mr COWAN: Yes.

Ms MacTiernan: Has anyone applied to do it?

Mr COWAN: No.

Ms MacTIERNAN: I move -

Page 4, lines 18 and 19 - To delete the lines and substitute the following -

- (2) On submitting the request to the Commissioner, the Minister may advise the Commissioner of any

This provision seems to have been transferred directly from the gas pipeline regime. It seems to insert an unnecessary additional bureaucratic process. The schema for the appointment of the regulator is that when there is a vacancy or a likely vacancy, the Minister for Transport must contact the Commissioner for Public Sector Standards and tell him to set things in motion. On receiving that letter, the commissioner must write back to the minister asking if he wishes to specify anything that must be taken into account in nominating a suitable person or persons for the office of regulator. My simple amendment collapses that into one process whereby the minister simply writes to the commissioner advising the commissioner that a new regulator is needed. At that same time, the minister has the option of saying to the Commissioner for Public Sector Standards that x, y or z needs to be taken into account in the selection of the person. Therefore, the amendment makes no change to the substance of the provision but it collapses two bureaucratic stages together.

Mr COWAN: I acknowledge that on this occasion the member for Armadale is making eminently good sense. By tradition, as a representing minister, I would not take it upon myself to give an undertaking but I shall put the amendment to the Minister for Transport. I am sure it will be accepted by him and he will move it in another place. I would not like to put that amendment into the legislation and then be told by Crown Law that the legislation had been drafted for a reason and that the amendment must be undone. I would rather the minister sought advice from parliamentary counsel and proceeded with it in that way.

Amendment put and negatived.

Ms MacTIERNAN: I move -

Page 5, lines 23 to 27 - To delete the lines.

This effectively deletes proposed subsection (9). The schema of the proposed subsection is that the commissioner sets up the selection panel, does the interviewing and then nominates a bunch of people and puts their names forward to the minister. If the minister accepts any one of those people, the minister goes off and makes a recommendation to the Governor. If the minister rejects any of those people, the minister may request the nomination of another person by the commissioner and shall deal with any further nomination as if it were made under proposed subsection (7). If the minister does not like any of the people who have been selected, he can say that he wants his own person. That nomination goes back to the commissioner who must then put that name forward to the minister as if the commissioner had selected the person. That is outrageous. The proposed section goes on to say that if the commissioner does not nominate any person or the nomination or further nomination by the commissioner is rejected, the minister may recommend a person to the Governor and, in the absence of a nomination by the commissioner, the minister's person shall be appointed, and the reason for the minister's decision shall be published in the *Government Gazette*. I am not complaining about the fact that ultimately the minister has the overriding power to make the decision. The schema of the Bill seems to provide in some situations that where the nomination is made by the minister, that becomes the subject of a public statement and it must be acknowledged that it is a ministerial appointment rather than one recommended by the commissioner. Proposed section 14(9) gives the

minister the opportunity to say that he does not like any of the people nominated by the commissioner; however, he has a person whom he wants to nominate. That nomination must go back to the commissioner, and the commissioner must deal with it. I gather that means by forwarding the name of that person to the minister as the person to be appointed. Will the minister clarify that that is what is intended?

Mr Cowan: The member should read the next provision.

Ms MacTIERNAN: Proposed subsection (10) says -

If the Commissioner does not nominate any person suitable for appointment or a nomination or further nomination by the Commissioner is rejected . . .

I do not have a problem with proposed subsection (10). However, in the way that proposed subsection (9) refers back to proposed subsection (7), it seems to imply that the commissioner is to take the minister's nomination and refer it to the minister. Therefore, proposed subsection (10) does not kick in.

Mr Cowan: The commissioner may be told by the responsible minister, "I do not like any of the nominations you have put forward. This is the person I want you to nominate." If the commissioner does not agree with that, he does not send back a nomination.

Ms MacTIERNAN: Why are we going through this process? Surely, if the minister had decided that he wanted to put his own nominee in the position, it would be better to go directly to the provisions set out in proposed subsection (10), rather than to have this very curious process whereby the minister, having rejected all the commissioner's recommendations, comes up with his own bloke and sends that nomination to the commissioner, whose fate he ultimately has in his hands, and the minister asks the commissioner if he will appoint his person.

Mr COWAN: This is not an amendment to which the Government will agree, even in another place. Under the Westminster system, the position clearly is that the minister carries the responsibility for the person who is appointed to this position, notwithstanding that there is due process for the nomination. In this case, the commissioner plays a significant role. However, the minister must carry the responsibility for the nomination. The minister puts forward the nomination to the Governor or Administrator in Executive Council. For that reason, given that there are other statutory responsibilities, the minister carries the responsibility for that nomination. The Government would not seek to take that out. If the commissioner disagreed with the person who was nominated by the minister after the minister had rejected the commissioner's nominations, the commissioner could use proposed subsection (10), as I understand and read it, to refrain from putting forward a nomination, and he could say to the minister, "He or she is your nominee. You had better make sure that it is your nominee from the beginning." Therefore, the commissioner would have no part in it. I agree that that is the way it should work, and I do not see any need for a change to that proposed subsection.

Ms MacTIERNAN: I will not prolong the debate. However, I want to make this absolutely clear: The Opposition is not suggesting that the minister should not ultimately have control of the appointment. However, we do not see the point of this process that is being advocated in proposed subsection (9), because all it is doing is concealing from the public what is a ministerial nomination. That is wrong, and that is what we are objecting to in this clause; that is, it is a ministerial nomination that has been warehoused through the commissioner. If it is the minister's nomination, it should be a nomination up front and gazetted in the way provided for by proposed subsection (10). The minister should not be given two bites of the cherry by saying, "I don't like those people. I've got my bloke, but I don't want people to know it is my bloke. Therefore, I will put my nomination to the commissioner." The commissioner then says yes or no -

Mr Cowan: If the commissioner says no, the minister must put that to -

Ms MacTIERNAN: That is the case if the commissioner says no, but he might say yes. It is fundamentally a ministerial nomination that has been made outside the normal process. There may be good cause for that to have happened, but that should be up front and public and not be warehoused through the Commissioner for Public Sector Standards. What is being proposed in that proposed subsection is very wrong. I know that proposed subsection has come from the gas regulators Act; however, it was wrong in that Act and it is wrong in this Bill. We will certainly move to remove that in the upper House.

Amendment put and negatived.

Clause put and passed.

Clause 7 put and passed.

Clause 8: Section 20 replaced by sections 20, 20A, 20B, and 20C -

Ms MacTIERNAN: I refer to proposed new section 20C on page 12, which involves a conflict of interest. It gives the regulator an obligation to advise the minister when he acquires a direct or indirect interest in the matters over which he is the regulator. It then gives the minister power to direct the regulator to resolve a conflict between a direct or indirect interest and a duty the regulator may have. How is someone directed to resolve a conflict? If the conflict is not resolved to the minister's satisfaction, the minister may disqualify the regulator from acting in relation to the matter. It seems that if the regulator becomes a player in the field, he not only should be disqualified from acting in relation to a particular matter, but also it may well be that under those circumstances he should be completely discharged of his duties. In those circumstances, why has a larger brief not been given to the minister to get rid of a regulator who has not disposed of those conflicting business interests? For example, the absurd situation may be that the regulator acquires a direct or indirect

interest in the American company to which the Government wants to sell the rail system. That would virtually mean that every issue that came up would be one in which the regulator had a conflict. Therefore, the situation theoretically could be - it is not such a fanciful situation - that the regulator should be disqualified from acting in virtually all matters relating to the rail system in Western Australia. Nevertheless, under these provisions, the regulator is still entitled to draw his salary, even though he is disqualified from dealing with any substantive matters. Is there any provision in this Bill - indeed, there should be - that not only may the minister disqualify the regulator from acting in that matter, but also he may remove the regulator entirely for acquiring such an interest? If there is to be any notion of this independence, surely he cannot buy interests in rail companies?

MR COWAN: Should the regulator buy an interest in rail companies, either directly or through a family company, it would be a direct interest and not even an indirect interest.

Ms MacTiernan: That is what I am saying. If he remained in office, he could not deal with those points.

Mr COWAN: No, that is not the case. Although it states that the minister "may" direct the regulator to resolve a conflict between a direct or indirect interest and a duty of the regulator in relation to a particular matter, there is no question that the integrity of the position of regulator will be protected by any minister. The key is to ensure that the regulator informs the minister of a direct or indirect interest, and the penalty for breach of that provision is quite substantial. Should the regulator not do that, although the legislation states that the minister "may" take action, the member can be sure that a direction would be given to the regulator to resolve the conflict. I do not think that situation will arise. As the member knows, under the Westminster system should a situation come to light in which the regulator had a direct or indirect interest, it would soon find its way to this place and questions would be asked of the responsible minister on why the situation had not been resolved. The provisions in this clause are powerful enough, and the message and the intent are very clear. It does not need to be changed in any way.

MS MACTIERNAN: With respect, it is yet another example of the minister's mindless optimism. In numerous cases the Opposition has brought to this place examples of gross conflict of interest, and has subjected the Government to a high level of scrutiny. However, the Government has pressed on unperturbed. I recognise it is a substantial penalty - although it could be higher - that would require the regulator to give notice that he has taken on an interest that has produced a conflict. I am not arguing about that part of the proposed section. I refer to the next part. For example, should the regulator acquire shares in Genesee and Wyoming Inc, which is part of the consortium that will operate the rail track in Western Australia, and advise the minister of that situation, the minister would have the power to tell the regulator to resolve that conflict; but should the regulator do nothing about it, no penalty would accrue from that.

Mr Cowan: Yes it will.

Ms MacTIERNAN: Where is the penalty?

Mr Cowan: It is in proposed subsection (2)(b). If the minister tells the regulator to resolve the conflict and it is not done, the minister then disqualifies that person as the regulator.

Ms MacTIERNAN: No he does not; he disqualifies him only in relation to that matter. This person would still hold down the job of regulator. An additional problem is that the legislation has no provision for anyone to take that person's place.

Mr Cowan: That is a poor example, because clearly any minister worth his salt would immediately say that if the regulator has shares in a company such as that, he does not have the right to act as the regulator.

Ms MacTIERNAN: Under what provision would the minister have the power to do that in this legislation?

Mr Cowan: He has the power to disqualify the regulator from acting on that matter. That person would never be appointed in the first place if he had a direct interest in a company that might have some capacity to operate the line. In all legislation some matters are expressed and others are implied. The member knows that and everybody involved with legislation knows that. In this case, the member is tilting at windmills.

Ms MacTIERNAN: I do not think I am in any way. There is a problem with the drafting of this legislation, which could have been corrected. For example, proposed section 17 deals with the suspension of the regulator, and one of the reasons for suspension of a regulator could be an unresolved conflict under proposed section 20C(2). That might go some way towards dealing with this issue. The Government has not given itself any power to get rid of a regulator as a result of a conflict acquired subsequent to the appointment, and it has not provided for a temporary replacement for the regulator during that period. This is an example of the lack of attention to detail which could result in problems for the regulator in future.

Clause put and passed.

Clauses 9 to 12 put and passed.

Title put and passed.

APPROPRIATION (CONSOLIDATED FUND) BILL (No. 2) 2000

Third Reading

MRS van de KLASHORST (Swan Hills - Minister for Family and Children's Services) [5.20 pm]: I move -

That the Bill be now read a third time.

MR RIPPER (Belmont - Deputy Leader of the Opposition) [5.20 pm]: The Appropriation (Consolidated Fund) Bill (No. 2) deals with capital spending. It is therefore appropriate for me to make a number of comments about the way in which capital spending is impacting on the overall budget. There is no doubt that this Government has been on a capital spending splurge and that that is one of the causes of the deficits that have occurred, particularly those calculated on a cash basis. This conclusion is reinforced by the "Access Economics Budget Monitor No 46". Page 54 of that report states -

WA has spent up on capital works in the past two years and the current level of spending is unlikely to be sustainable.

Although I make these comments about the contribution of the capital works program to budget deficits and those deficits being calculated on a cash accounting basis, I do not want to ignore the fact that deficits have also occurred on an accrual accounting basis. In the general government sector, we have had four deficits in a row according to accrual accounting methods. Those deficits have been on the Government's day-to-day operating expenditure. Yet, only now - in an election year after four deficits - has the Premier started to forecast surpluses. Despite this record of four deficits in a row, the Premier has publicly stated that the accrual balance is the best measure of the Government's financial performance. Why would he do that? I suppose it is because he can forecast surpluses on an accrual accounting basis for the next four years. They are very flimsy surpluses; nevertheless they are surpluses. Of course, the Premier might also prefer the accrual accounting basis because on a cash accounting basis the record and the forecasts are both much worse.

The Opposition believes that we must deal with both sets of figures. Accrual accounting is an important mechanism for dealing with the Government's finances. However, the cash figures, which are also reflected in the accrual accounting framework in some statements, are also important. Access Economics apparently agrees with me. Page 6 of its report states -

There is a danger that the new analytical framework - by emphasising operating surpluses and the general government sector - could obscure the States' true *fiscal* performance and position. From a macroeconomic and financial perspective, what continue to be analytically important are both:

- the "State sector" . . .
- the overall cash deficit . . .

Access Economics apparently agrees with the Opposition that accrual accounting and cash accounting figures are important when one seeks to judge the financial performance of a State Government.

Mr Trenorden: Are you saying you will run a dual system when you are in government?

Mr RIPPER: The accrual accounting framework provides figures equivalent to a cash accounting framework. Access Economics states - and the Opposition agrees - that we must examine both measures. Not only does Access Economics support that argument, it explicitly acknowledges the importance of cash figures and justifies the use of those figures in its report. It also goes to considerable trouble to adjust the information that has been given by State Governments to provide those cash figures. It does that because it believes that cash figures are important from a macroeconomic and financial perspective.

What do the cash figures that Access Economics has produced indicate? First, they indicate that this State has a cash deficit of \$823m for the financial year 1999-2000. It also forecasts cash deficits for the government sector for the next five years. That is a total of six years of cash deficits - this financial year and another five into the future. The total of those deficits is \$2.9b. It is worth noting that, as a percentage of our gross state product, net state debt in 2004-05 will be worse than that in Victoria, Queensland, and New South Wales. Only South Australia and Tasmania, with their acknowledged economic problems, will have worse ratios of net state debt to gross state product in 2004-05.

I will now outline the actual debt figures. Access Economics states that Western Australia's net debt at 30 June 1999 was \$5 891m. At 30 June 2005, Access Economics expects that debt to be \$7 036m, which is an increase of \$1.1b. At that stage, our debt will have increased by 19.4 per cent. That will be the largest increase in net state debt of any of the States between June 1999 and June 2005. During that period most States will experience a reduction in debt, but Western Australia's debt is forecast to increase by almost 20 per cent. Those figures are conservative because they assume that the Government will have \$1b in proceeds from the AlintaGas privatisation and that those proceeds will be used to retire debt. We know that both assumptions are wrong: The Government has admitted that it will not get \$1b from the sale and that it will spend part of those proceeds on the southern railway to Mandurah. Therefore, Access Economics' debt forecasts are conservative and our debt will increase by more than it has predicted.

The question arises: Why are Access Economics' figures bleaker than the official forecasts? The report gives a clue about the reason for the difference between the forward estimates produced by the Government and those produced by Access Economics. The Access Economics report states -

The official forward estimates include a rapid decline in nominal State sector capital spending of nearly 20 per cent (or \$400 million) in the three years to 2002-03. The official forward estimates allow for the continuation of projects currently underway, but only a relatively small amount for new capital works. Our projections factor in a pattern of new projects that is more consistent with historical trends while still allowing for a fall in nominal capital spending in 2001-02.

The only reason the Government can produce more optimistic forecasts of the cash deficit figures than Access Economics

is that the Government is forecasting a small number of new capital works projects. After a splurge in capital works expenditure going well beyond historical trends, the Government, in its forward estimates, is forecasting new capital works starts below historical trends. I prefer Access Economics' forecasting assumptions to those of the Government.

We have a problem in this State in that the financial markets are already charging us more for our borrowings as a result of the State's financial position than they are charging in many other States. The financial markets are charging more for our borrowings than they are charging for Queensland and Victoria's borrowings. On average we are paying 50 basis points more than those States. We are paying more than South Australia is paying and South Australia has a credit rating of AA+. That is a very interesting point. With our AAA credit rating we are paying more relative to commonwealth borrowings than South Australia is paying with its AA+ credit rating. Since November 1999, our borrowing margin against commonwealth borrowings has had the largest increase of all the States. The financial markets therefore are already starting to make their judgment about the state of Western Australia's finances. That is a matter of grave worry as we are now facing a further assessment by the credit rating agencies of our AAA credit rating. Access Economics has said that our credit rating is at risk. Its report states -

"(WA) qualifies as the State most likely to be downgraded if economic or budgetary conditions turn against it," . . .

"It has the least margin of comfort of all AAA-rated States."

That is what a very significant economic forecaster of great financial credibility is saying about this State's credit rating. The markets are moving against us and the economic forecasters are sounding warnings.

The Premier was dismissive of the Access Economics report. He said he had not read the report but he is quoted as follows -

"Access from time to time have come out with forecasts which, in some cases, have been positive and, in other cases, negative,"

The Premier must take this matter seriously. How about a proper response from the Premier in this very debate? If Access Economics has its forecasts wrong, why does the Premier not come into the House and tell us in this debate why he believes Access is wrong? Why does he not enter into this debate and explain what the State will be doing to retain its AAA credit rating?

Let us look at the situation we face. We have had four years of deficits on an accrual basis. We are facing six years of deficits on a cash basis. Our debt is increasing faster than the debt of any other State. The costs of our borrowings are increasing faster than the costs applying to any other State. The costs of our borrowings are now more than the costs applying to the AA+ credit-rated State of South Australia. Our budget forecasts have deteriorated since the mid-year review information was made available to the ratings agencies. An independent forecaster has now said our credit rating is at risk. We are owed a statement by the Premier on those matters. We are owed more than a glib dismissal of an important report by a respected forecaster. The Premier should come into this debate and explain, if he believes Access is wrong, why it is wrong. He should explain what he and his Government will say to the ratings agencies when they visit this State in July. How will he explain the deterioration in our financial forecasts? What will he say to convince them that we should retain our AAA credit rating?

MR GRILL (Eyre) [5.34 pm]: I have listened intently to the remarks made by the Deputy Leader of the Opposition on the forward estimates and the estimates themselves in relation to this Bill. My remarks will add to the concerns that have already been expressed clearly by the Deputy Leader of the Opposition. In that context I want to talk about the costs for the proposed Oakajee port. I do not want these remarks to be misconstrued, as the Australian Labor Party is a very strong supporter of the steel mill and the development of the port. However, the accounts of this State should reflect those costs as forecast and what they might be in the future.

I will refer to some of the information we have received to date and make some projections on those matters. The Minister for Resources Development has now provided a figure for the cost of the port, which he said would be \$192m plus or minus 25 per cent. Plus or minus 25 per cent is \$48m. I will not take the higher figure, which would be \$240m, and will not take the lower figure, which would be \$150m. I will take the \$192m figure put forward by the minister. The figure of \$192m is very inflated when compared with the costs quoted by the minister a year or two ago. The figure he quoted then was approximately \$80m, on the basis that a third party would pick up the major costs for the port and the Government would pick up the minor costs. As an Opposition, we consistently contended that would not be the case and for a range of reasons the Government would, in the first instance, probably have to build the port. Certainly, there is a prospect down the track that it can sell the port but not until it shows signs of being profitable. The \$80m figure contrasts with the \$192m figure, which figure the Government is now prepared to concede.

I worked out the interest costs on \$192m over seven years. I used seven years as the minister indicated it would take that time for the port to become profitable. In the real world it will probably take longer to pay off that sum of money. However, to be generous to the minister, I will use that figure because at the end of that time there is a prospect of being able to sell off the port. At an interest rate of 7.5 per cent the port will cost the Government an additional \$14m per annum and over seven years that is an additional \$98m, presuming the whole of the interest bill would be capitalised. There is no indication that it would not be capitalised in that period. That brings the cost to \$290m. Add to that \$30m or \$40m for other infrastructure, which the Government is obliged to put into Oakajee as a result of its agreement with Kingstream Steel Ltd, and taking once again not the higher figure of \$40m but the lower figure of \$30m, the cost then escalates to \$320m.

One must then look at the size of the port. The minister initially indicated that this would be a purpose-built port which needed very calm water to load the steel slabs to be produced by Kingstream. However, in its initial configuration, the port will have a depth of only 13.2 metres. That will allow panamax-size vessels to use the port - that is, vessels of 50 000 or 60 000 tonnes. That is fine for Kingstream Steel - that is all it needs. However, that port will not be economic and will not show a profit until such time as another project comes in and shares the costs in the port. One project that is likely to do that, and the one project that the minister keeps throwing up as the likely starter, is the Mt Gibson project. The Mt Gibson project is not a completely dissimilar project, except that it does not take the downstream processing of the ore anywhere near as far as the Kingstream proposal. Therefore, at the end of the day, it needs to export its product, which will be a hot briquetted iron product. A HBI product cannot be exported economically unless big ships are used, such as the capesize vessels of 150 000 or 160 000 tonnes. Once that is done, the port has to be made deeper. I have spoken to people about that cost. There have been various estimates of what that cost will be and the figure that keeps coming up is in the vicinity of \$50m. If \$50m is added to the cost of the port so far, the cost rises to \$370m. Interest then has to be added to that additional cost. At a rate of 7.5 per cent, the interest bill for that will be \$3.75m per annum. Over a seven-year period, which I have taken for the purposes of this calculation, it will amount to \$26.25m, which brings the cost up to \$396.25m. By that stage it is becoming a very expensive port. Another major cost - that of the loss the port will make over the seven-year period - also needs to be added. The loss-making period might be longer than that; no-one really expects it to be much shorter. However, for the sake of the exercise, let us use the seven-year period. The figure for the loss that I have put forward, and to which the minister has agreed, is a ballpark figure of \$20m per annum. That is the best handle we can get on it to date. That will add another \$140m to the cost of the project increasing the figure to \$536m. That figure does not include the interest money that needs to be found for interest on losses, assuming that the interest on the losses will be capitalised over the seven years. If the loss is capitalised, it will add another \$42m to the project. That will bring the cost up to -

Mr Bradshaw: Think of a number - \$1b?

Mr GRILL: I am trying to do this as scientifically as I can. It would bring the cost up to approximately \$578m. If the interest on the additional capital for the deepening of the port is added, it will add an additional \$25.25m over a seven-year period. Costs now total \$603.45m. If the \$48m that I mentioned earlier is added - that is, in the event that the initial port costs of \$192m are inflated by 25 per cent, as the minister has indicated - the figure is \$651m. On the basis that the capital cost of the port would be \$400m, some time ago I prognosticated that the total cost could rise to \$750m or \$800m. The minister poured cold water on that proposition. Given that the cost of the proposition will not be \$400m - I do not think the raw figures would indicate that - I agree that it is not an acceptable figure.

In the analysis I have just put forward, using reasonably conservative figures and a loss period of only seven years - I am not sure what the interest rate might be during the seven-year period but I have averaged it out at 7.5 per cent - the cost of the project will be about \$651m, and that is on the basis that everything goes right. If everything does not go right, the cost could be a lot higher. We all know of projects in this State that have not gone right, resulting in substantially higher costs. Where in this budget is that \$651m provided for? Where does it show up? It does not show up anywhere. Where does it show up in the forward estimates? It does not show up in the forward estimates. The minister and the Premier will indicate that these are only contingencies; they may never come about; they are only estimates.

The Deputy Speaker is alarmed by the suggestion that the port project and the steel mill may not get up. If I were in his position, I would be expressing the same alarm. The truth is that we expect this project to go ahead, but nowhere in the budget is there even \$1 to cover the very substantial government costs that will need to be incurred. Even if I am wrong to some degree in the analysis I have put forward, the figure will be well above \$500m. I think the figures that I have used are fairly conservative. The argument used by the Premier is that this is just a contingency and the Government is not yet committed to the project, and when the commitment is made, the Government will start talking numbers. All budgets are nothing more than estimates. If one believes that the project is worthwhile and it should go ahead and that it will go ahead, some sort of provision for these figures should be made in the budget. However, no provision is made in the budget for these costs and these costs are substantial indeed. If Access Economics draws the conclusion that the capital costs in forthcoming budgets are vastly underestimated, the calculations I have put forward indicate that they are not just vastly underestimated, they are immensely underestimated. To pull \$650m out of a hat over that time is a big job for any Government. Yet no provision has been made anywhere in the forward estimates for that sum of money.

Another contingency would be for the losses that would be made on the port. On previous occasions, the minister has indicated that a ballpark figure of \$20m might be appropriate. If he wants to revise that figure that is fair enough, and I will revise my numbers. However, he has also mentioned more recently that the cost of handling the product over the wharf by agreement with Kingstream Steel would be between \$3 and \$3.50 a tonne. When I put the figures to the minister across the Chamber a week or two ago, he agreed that they were right. The minister would probably hold out for \$3.50 a tonne but I can tell him right now that it will not pay \$3.50 - Kingstream will be aiming for the \$3 mark.

Mr Barnett: It started with a figure of \$2, and the Government started with about \$8; so we are getting closer.

Mr GRILL: Yes, the Government is getting closer. However, even at the end of the day, if the Government is out by 50¢ on each tonne, it will add another \$10m to \$14m to the costs per annum by way of losses. That 50¢ difference is very important. Only the minister can tell us whether the \$20m that he conceded some months ago stands. The difference between \$3 and \$3.50 is a very important figure and that, in itself, could see the costs blow out. I underline the fact that nowhere in the estimates is there a figure of this nature and I can understand why Access Economics is extremely concerned about the budgetary position of the State.

MR MARLBOROUGH (Peel) [5.50 pm]: I will take the next 15 minutes to raise a matter of growing concern to the citizens of Western Australia; that is, the cost of this Government's expenditure on so-called consultancy fees. I want to look at some of the headings for the past six months and the costs associated with them.

The DEPUTY SPEAKER: I remind members that debate is on the capital works budget.

Mr MARLBOROUGH: That is right. This may assist you, Mr Deputy Speaker, in directing me: Western Power paid to the UMS Group Inc \$1.5m for the purpose of providing a document advising how to go about the generation of change management. The regional power procurement process involved a cost of \$227 000.

The DEPUTY SPEAKER: That is recurrent funding, not capital funding. Members must talk about capital funding.

Mr MARLBOROUGH: I am seeking guidance. I would have thought that this funding links in with the overall cost of any capital works carried out by the departments. It is obvious that the consultants in this extensive list are attached to all of the work carried out by government departments, much of which I am suggesting is of a capital nature. It would be splitting hairs to suggest that because the amounts are in a document under a consultancy heading they are not part of the capital cost of going ahead with a freeway, a new dam in the Collie area or any other such changes.

The DEPUTY SPEAKER: That would be shown as recurrent expenditure on the profit and loss statement, whereas capital works projects would be shown on the balance sheet. Members must talk about the capital works budget.

Point of Order

Mr GRILL: If they are consultancy costs they may be picked up in the capital works budget. The normal practice for Main Roads WA is to capitalise those costs.

The DEPUTY SPEAKER: Some may be costed in but some may not. In most cases they would be shown as an expense.

Mr GRILL: Yes, but with Main Roads or another body of that nature, those expenses would more than likely be included in the capital costs.

The DEPUTY SPEAKER: All that I am asking all members to do is realise that we are dealing with the capital works budget. I ask them to try to concentrate on capital works.

Debate Resumed

Mr MARLBOROUGH: Rather than make some specific statements on costs for consultancies that were linked directly to capital works, the general comment I make is that we are seeing what I believe to be an alarming blow-out of consultancy costs across all government departments. I suggest that it is not hard to attach some of the amounts for consultancy work to capital costs for the overall development and running of government departments. As the information is laid out before us, it is very hard to follow.

I am sorry that the Leader of the House is not in the Chamber because this refers to his portfolios of Resources Development, Energy and Education. In the six months to 30 June 1999 his departments spent \$5 373 242 on consultancy fees. If I may break that down, \$2 726 277 was spent in the area of energy through AlintaGas, the Office of Energy and Western Power. The Department of Resources Development spent \$1 254 720. Education, which is one of the biggest items of expenditure on the budget, spent \$425 205. Together they add up to \$5 373 242, which is at least three or four times more than the expenditure of other government departments. It boils down to nearly \$1m a month, of which the Education Department spent less than \$500 000 for the year. One can derive a number of pictures from that. One is that a hell of a lot of work must be going on in the area of resources development and energy to have something like nearly \$4m spent in those two areas. It is fair to ask where and for what purpose it is being spent.

Obviously, an amount of money is attached to the sale of AlintaGas and all of the infrastructure that has gone with that. I would have thought that in the main the necessary expertise and knowledge base for the sale of AlintaGas would reside within government. After all, it was a government department providing a transport mechanism for energy and it was run by government departments. However, one of the largest expenditure items is for a consultancy organisation, supposedly telling the Government how it should sell its own major capital asset, which is quite alarming and raises a number of questions, particularly when that consultancy expenditure alone was \$943 700.

What is the Department of Resources Development there to do? It is a body that encourages the development of resources. By definition in the main those resources are in the private sector. One can imagine that most of the cost of developing those resources would be carried by the private sector. It is true that from time to time Governments are called upon to supplement resources development by way of infrastructure and capital works costs. That is what my colleague, the member for Eyre, was talking about. He spoke of the Government's commitment to the development outside Geraldton known as the Oakajee port site. Obviously the developers have carried out some preliminary work on site, but before they have sold an ounce of steel from the project, the Government has already spent a large amount of money on consultancy fees. It worries me that there seem to be no guidelines.

Sitting suspended from 6.00 to 7.00 pm

MS ANWYL (Kalgoorlie) [7.00 pm]: This is the legislation within the budgetary process which is concerned with the capital works budget of the Government. I will raise a number of matters. However, as the Minister for Family and Children's Services is present, I will reorder the priority of the matters I intended to raise and talk about the budget of that

portfolio first. In the Family and Children's Services budget, some items of capital expenditure are set out on page 553 of the budget papers. In the area about which I will talk, which is homelessness, the most significant of those is probably the completion of the Adolescent and Child Support Centre, for which moneys had been allocated. I understand that is the Kath French Centre. I know that a number of people in the Opposition are keen to visit that centre, and someone from the minister's staff has contacted my office in an effort to set up such a visit.

This raises an interesting issue, because it is not possible from the budget papers to identify any further capital works funds to be spent on development of accommodation. I know that some refurbishments and upgrades are going on, for example, at the Tudor Lodge facility in Mt Lawley. This is a serious area, because we hear from the peak youth body, the Youth Affairs Council of Western Australia, that a significant number of young people are not accessing accommodation. I think we are still waiting for Western Australian figures from the national supported accommodation assistance program data. I imagine that a report will be available very soon, because the Australian report has been released. What has been identified to date about the Western Australian scene is that young people and single men are the two groups least likely to be catered for within the data collected by that agency. Therefore, this is a significant matter.

In my electorate of Kalgoorlie, I recently visited the Crossroads West service, as it is now known, in Boulder - it used to be called the Millen Street hostel. The Salvation Army has attended that service to provide supported accommodation for young people. Certainly, the youth workers there to whom I spoke were keen to point out that not everybody who needs accommodation necessarily needs support. Some people need a roof over their heads and nothing more, whereas others require much more intensive support, particularly if the most common psychiatric or drug abuse issues are involved. The point made by those youth workers is that the need for shelter on a crisis or short-term basis is still significant, but not everybody requires that support, which is much more expensive to provide in terms of recurrent costs of staff, etc.

Another issue that I have raised privately with the minister is the need for some form of refuge-style accommodation in the Laverton area. There are real problems in that area. In my past capacity as a chairperson of the Goldfields Regional Domestic Violence Prevention Committee, I was familiar with that need. It is now a priority of that committee that urgent attention be given to the issue in that region. Last year in October, there was a conference which brought together police from all over the goldfields-Esperance region, a number of Aboriginal groups, and women specifically, although there were also men from as far afield as the central desert remote communities. However, there were many people from Laverton, and this was a significant issue acknowledged by everybody present at that conference. A number of recommendations were made as a result of that conference, and I have undertaken to forward those to the minister's office. Previously, Pamela Walsh, who I am sure is known to the minister, was involved in the Aboriginal advisory council to the Minister for Police, as I think it was known. She was present at the conference, and she was to progress the recommendations. I have been asked to raise the matter again with the minister.

One of the most significant assets held by Family and Children's Services is known as the Craiggie Street hostel. Last week I was contacted for two reasons. The first was to find out whether there were any capital works expenditures relating to refuges in the town of Laverton, and the second was to ascertain whether it was true that the hostel is to be sold by the department. My understanding is that the department has written to the shire council flagging its intention to sell it. I am not sure whether the property has been listed. However, this is causing a great deal of dismay to people in Laverton who want to see refuge accommodation established. The capital works budget for the next financial year does not disclose any new refuge moneys. In fact, from looking at the budget papers, I do not think it is proposed to build a new refuge anywhere in the State. I know that there is a fairly good track record of capital works expenditure over the past few years, particularly in the north west. However, could the minister look into that issue? The sale of the hostel would certainly seem to be a problem.

Mrs van de Klashorst: As I indicated to the member privately, once this session of Parliament is finished, I will go to Kalgoorlie and look at the problem there.

Ms ANWYL: I know that if the Regional Domestic Violence Prevention Committee has not been contacted by Family and Children's Services, it has been contacted by the Women's Policy Development Office.

Mrs van de Klashorst: That is right, and we are organising a trip.

Ms ANWYL: Yes, I know that some things are afoot. However, I thought I would take the opportunity to impress upon the minister the high priority accorded to that need. I am sure that I do not have to tell the minister about the nature of some of the injuries that are inflicted upon Aboriginal women in particular. They can be quite horrific. The norm is that a weapon is used, whether it be a piece of timber or glass or whatever.

The Deputy Leader of the Opposition commented earlier in this debate about the recently released report from Access Economics. I do not intend to repeat his statements, but I hope that in the course of this debate the Government will provide a response to those comments, particularly given that the Premier earlier today said that he had not had an opportunity to look at that report. Obviously, it is important that all members of Parliament hear their concerns addressed, particularly when it is such an important matter for the rating and economy of the State.

I now turn to some items of expenditure in my electorate. The first appears under the Western Australian Government Railways Commission division of the budget papers in which an amount of \$41.5m is allocated in the capital works program for a railway upgrade between Esperance and Kalgoorlie. That amount has been promised for some time to undertake an upgrade of the sleeping between those two towns. Portman Mining Ltd transports iron ore from Koolyanobbing to the port of Esperance. It has said it will continue to use the port of Esperance as opposed to Kwinana. Earlier this year some

concern was expressed that Kwinana might become the preferred destination port, and that created some consternation in the goldfields-Esperance region. The other amount that is set out in the capital works program under the heading of railways is \$10m to replace the *Prospector* rail cars. That was the subject of an announcement by the Minister for Transport last week in the media.

We are told now that some super-duper rail cars may be available by 2003. The difficulty is that the Government lacks some credibility on this issue, because allocations were made in the past under capital works expenditure for a super-fast bullet train which could travel at speeds of up to 200 kilometres an hour. My principal difficulty is not with the purchase of new rail cars; I welcome that. Indeed they were promised in 1996 and in 1998, and it is good to see that \$10m has been allocated. However, that \$10m is only part of an approximate \$50m cost, so that we have some way to go before the good people of Kalgoorlie-Boulder will have these new rail cars. The other matter of concern is that the new rail cars are not much use unless we have a high quality rail line. The present situation is that while there have been repairs between Koolyanobbing and Kalgoorlie there have not been repairs between Koolyanobbing and Perth. As a result that line has deteriorated, and there are a multitude of speed restrictions on the line. If one looks to the capital works expenditure, one finds there is no allocation for that stretch of line, but moneys are already allocated for the upgrade of rail cars. It is difficult to be other than cynical about that, because clearly it is pointless having upgraded rail cars if the line on which those cars will run has not been upgraded. It is a bit like a formula one racing car on a dirt road. The car can travel at magnificent speeds, but if the quality of the road is inadequate one might as well forget the whole thing and stick to a horse and cart. The speed restrictions on that line mean that the train must travel at 40 kilometres an hour. A horse and cart could get up to that speed, especially with the quality of some of the horses in Western Australia. That item of expenditure has a few question marks associated with it.

Another significant item is an amount of \$8m allocated to the Eastern Goldfields Senior High School. It is the second part of a \$12m commitment by the Government for the building of a senior college adjacent to the Curtin University of Technology site in Kalgoorlie. A significant amount has been allocated towards the upgrade of the existing senior high school building in Kalgoorlie-Boulder. The difficulty I have is that not a great deal of explanation is given about that amount. It would be good to have the breakdown of expenditure between the two campuses. This has been a point of major contention in Kalgoorlie-Boulder. A view has been put around my electorate that the government option, on a pure balance sheet basis, will shortchange the people of Kalgoorlie-Boulder. I do not think that is correct. I think that the Government, remarkably, has chosen the right option with its decision to establish a senior campus at the Curtin University site. I hope the Minister for Education will be able to clarify the precise breakdown in that split of funds between the two campuses of Eastern Goldfields Senior High School. Obviously there has been a shift of priorities as the whole \$12m allocated will not be spent at the existing site; some will be spent at the existing site and some at the new Curtin University site.

Mr Barnett: More will be spent at the existing site.

Ms ANWYL: I understand the split is \$9m and \$3m.

Mr Barnett: I thought it was \$8m and \$4m.

Ms ANWYL: I seek a response in writing on the detail.

An amount of \$3.3m is budgeted for the development of a land release in the Hannans north west sector. That has been an intriguing issue in which the Minister for Lands has promised a grass golf course. The Minister for Sport and Recreation and the Minister for Lands have already promised money under the community sport and recreation facilities fund. That was totally inappropriate, because that is not a matter that ministers can guarantee. A lot of consternation exists about what other matters will be forthcoming, and \$3.3m is not seen as the full cost of establishing that grass golf course. Those are just a few matters in which allocations have been made, and a huge number of questions are associated with the full cost of those items. The Government has some credibility problems and probably the Minister for Lands leads that charge with his recent conduct.

MR MCGOWAN (Rockingham) [7.16 pm]: I will address a subject that has been in the news - law and order. If members watched the television news this evening, they would have seen a number of police officers pleading with the Government about the situation throughout Western Australia.

The state budget set aside a sum for capital works expenditure at the Rockingham Police Station, which is in my electorate. I have been pursuing the construction of the Rockingham Police Station ever since I was fortunate enough to be elected to this place. I recall on a number of occasions grieving to various police ministers, and organising petitions. Up to 10 000 people signed those petitions. I met representatives of the Police Union (WA) on a range of law and order issues. I will say at the outset that I am grateful this new police station has been constructed. The old police station was an archaic structure more suited to some ring road in Moscow than the heart of a modern, progressive city such as Rockingham. Fortunately, the old premises are no longer occupied by the police - except for those who have some court duties - and Rockingham has a new station. On the television news tonight police officers pleaded with the Government and the Premier about the number of police officers on the beat in Western Australia. Those officers raised concerns about workload and the level of service that is provided to the citizens of Western Australia by the Police Force. I am grateful the new station at Rockingham has been constructed. I had always used the unsuitability of the old police premises as a reason for insufficient resourcing and police numbers in the Rockingham area. The police station was manifestly and woefully inadequate to house the number of officers that were necessary in my area. I was sure that when we got the new station, reason and sense would prevail with the State Government and there would be a proper allocation of police officers to the Rockingham area. The new station was opened a number of months ago and it is modern, up-to-date and so forth. There

is a greater amount of room in the police station, yet pleas about the number of officers in the Rockingham station still go unanswered.

If one talks to the WA Police Union or individual police officers - even officers outside my district to whom I speak on occasions - it is widely acknowledged that the Rockingham police district is the most understaffed district in Western Australia. The reasons are plain: First, it is part of the Fremantle district which is out of sight and out of mind because of its distance from the Fremantle Police Station. Secondly, there has been inadequate realisation by the Minister for Police and the Commissioner of Police of the level of need in the area. At present, between 50 to 55 police officers serve the Rockingham Police Station. That figure includes school-based police officers, police prosecutors, officers who provide security assistance in the courts, senior staff, criminal investigation bureau and traffic police. At any one time, a number of those officers are on long service leave, sick leave, maternity leave or are absent on courses.

On the television news tonight I saw the officer in charge of the Rockingham Police Station tell delegates at the Police Union (WA) conference that the Rockingham Police Station has two police officers on duty at night servicing the Rockingham area. That region is 25 kilometres long, and 15 kilometres wide and contains 72 000 people, but only two police officers are on duty at night. It is the worst-staffed police station in Western Australia. I do not wish to deny the Mandurah area its resources, but in that region 75 officers service a population of 55 000. The member for Geraldton was complaining about the level of staffing at the police station in his electorate. The Geraldton Police Station has a ratio of 5:1 officers per head of population. Something is wrong and this issue must be looked at.

I wrote to the Commissioner of Police last week. He came to the opening of the new police station and I invited him to have a look at the situation, talk to the officers, undertake a review of staffing and increase the number of officers. Rockingham needs to achieve parity with areas in similar geographic situations. For instance, Mandurah is only 10 minutes down the road, yet on a per capita basis it has virtually double the number of police officers of the Rockingham area. This issue needs to be examined and addressed urgently. I receive endless numbers of complaints about the amount of time people must wait for officers when they report crimes. I am not naive enough to think that increasing the number of police officers is the only solution to crime; but it is part of the solution. In debate in the Estimates Committee it was stated that 75 to 80 per cent of people who occupied the State's jails did not finish primary school. That indicates that crime is a deep-rooted social issue. When dealing with antisocial, alcohol-related crime and assaults, a police presence and an increase in the number of police officers will make a difference.

As I have said, I have submitted petitions containing the signatures of up to 10 000 people. The Minister for Police wrote to a number of those people and they brought the letters to show me. I suspect the minister wrote to people who signed the petitions. He wrote to a number of people in my electorate - I do not know at what cost or whose budget it came out of - saying that statistics showed crime was not a problem. However, according to the most recent reports I could obtain on the levels of crime in my area - I do not wish to denigrate my city - antisocial crime, breaking and entering offences, personal assaults and offences against the person, equalled the levels of crime in areas such as Fremantle, Perth, Wanneroo and Armadale, the major commercial centres of Perth. In light of those statistics, the Government must acknowledge that something needs to be done. It is a topical issue that will be at the forefront at the next election. Unless the Government takes steps to address the allocation of resources, it will suffer. I suspect the Government does not care if it suffers in Rockingham, but the views of the people of Rockingham count and they deserve fair treatment.

I will briefly address the current fair trading issue which I undertook to raise in Parliament on behalf of some of my constituents. A number of people have discussed with me the issue of finance brokers. Carl Lens, an 80-year-old man who lives in Shoalwater, talked to me about his problem. Alexandra and Nevill Horne who live in Safety Bay also came to see me about the losses they had sustained through finance brokers. Mr Lens lost \$150 000 through Global Finance. Up to this stage Mr and Mrs Horne have not been able to recover \$500 000 which they put into Global Finance. These people are in a desperate situation. They are having difficulty surviving because Centrelink is not coming to the party to help them in their current situation. Both Mr Lens and Mr and Mrs Horne have written copious letters to the Minister for Fair Trading and have not received adequate responses. All they have received are condescending replies in which the matters are not addressed by the minister. Mr Lens informed me that he has written to the Minister for Fair Trading on a number of occasions and nothing has been done. Mr and Mrs Horne indicated they had written a number of times and it takes four or five months to get a response from the minister. Mr Lens alleges in February of this year that, "The only one who was looked after in losing his money with finance brokers is -

The SPEAKER: We are debating the third reading of a capital works Bill. We seem to be drifting into very difficult areas that are out of order. When the member was talking about police stations, the latitude I allowed was appropriate. However, he is now venturing onto matters that have nothing to do with capital works. I have brought to the attention of the House Standing Order No 94 which deals with relevance and the Bills on which members can have a general debate at the second reading stage. We went to extreme lengths with latitude on one of the second reading debates last week. We are now debating the third reading and the member must be reasonably specific with his references to capital works. I draw that to his attention.

Mr McGOWAN: I will finish my remarks in a moment, Mr Speaker. I raised that matter because I gave those people an undertaking that I would bring their situation to the attention of the Parliament, and I have not had many opportunities to do so.

Some capital expenditure is proposed for the Ministry of Fair Trading. An amount of \$300 000 will be spent on computers in the Ministry of Fair Trading, and I am sure some of those computers must have details of the letters my constituents have

sent to the Minister for Fair Trading. In light of that, perhaps there is a modicum of relevance in my comments! I acknowledge your point, Mr Speaker. These people have serious concerns which I do not think have been properly taken into account. I find it galling that some people receive better treatment than others.

MS McHALE (Thornlie) [7.31 pm]: On a couple of occasions in the past two weeks, I have risen to speak following your very eloquent guidance and advice, Mr Speaker, on what is relevant in certain debates. It is interesting that it tends to happen within the context of appropriation Bills.

The SPEAKER: I recall that the member gave a very relevant speech in her last contribution.

Ms McHALE: I was about to assure you, Mr Speaker, that what I will say tonight will be entirely relevant to the Bill before the House. I am cognisant of the need to ensure my comments in this House are totally relevant, and never let it be said that my comments are ever in any way irrelevant. I give the assurance that I will be totally focused, and my comments will be totally capital works oriented. I will heed your guidance, Mr Speaker.

Mr Cunningham: You are such a good member and you know the rules.

Ms McHALE: I thank the member for Girrawheen. Notwithstanding the positive feedback - we are not in this place for that - I feel very passionate about the discussion on capital works within the Health budget. In my view the community of Western Australia is being duped by some of the utterances of members opposite about the extent of the capital works budget. I go so far as to say that the truth about the capital works budget has been stretched to the limit by the Minister for Health in relation to the quantum of funds purportedly available for maintenance, upgrading, redevelopment and reinvestment in the hospital system in Western Australia.

Mr Omodei: You could travel the length and breadth of Western Australia and see new capital works in hospitals right across the State.

Ms McHALE: I thank the Minister for Local Government for his interjection.

Mr Bloffwitch: And you can see a new police station in Geraldton, a museum and a new -

The SPEAKER: Order members! The member for Thornlie is entitled to make her speech without all these silly interjections.

Ms McHALE: Thank you, Mr Speaker. It is difficult to be relevant when the member for Geraldton is introducing complete irrelevancies. There is evidence of deterioration and decay in Western Australian hospitals. Some new hospitals have been built, and the Opposition welcomes that. The member for Armadale and I welcome the development of the Armadale-Kelmscott Memorial Hospital.

Mr Tubby: The member for Armadale does not; she has done nothing but criticise it.

Ms McHALE: That is totally wrong. The member for Armadale has acknowledged the importance of the hospital, but she has criticised the Government for trying to privatise the management of the hospital. We are as one voice on that, as would be the community of Armadale and its environs with regard to the management of its hospital. They want it kept within public hands.

Mr Omodei: I was down there last night -

Ms McHALE: I think there is a plot to stop me making my speech of relevance.

Mr Omodei: The member is a very good speaker, but I was talking to members of the Armadale council last night and they said they did not agree with the member for Armadale and her comments about the tunnel and the hospital.

Ms McHALE: I am talking about the Health portfolio, and the Minister for Local Government is now referring to the tunnel. He should quit while the going is reasonably good.

The problem with the capital works budget, certainly for the metropolitan area, is that it will be stretched very significantly over the coming months. I indicated in this House that the budget has been cut from \$5.8m to \$2.8m, but the minister said that is only part of the picture. I went back to the *Budget Statements* to look at the rest of the picture, and to ensure I do not tell only half the story and that I am correct in criticising the pitiful amount allocated for capital works on the 13 hospitals in the metropolitan area. The budget papers contain reference to \$40m being allocated to hospitals in the metropolitan area. However, of that amount, \$25m will be spent on the new Armadale-Kelmscott Memorial Hospital, which we all welcome, just for the bricks and mortar. A further amount is allocated to the centre for oral health at the University of Western Australia, and a small amount is allocated for Kalamunda. When those specific amounts are removed from the capital works budget, only \$1m remains for the non-metropolitan hospitals. The minister said that I have painted only half the picture, but I have painted two-thirds of the picture.

An amount of \$2.8m is allocated for the 13 hospitals in the metropolitan area which provide the most significant, and by far the majority of, health services for the population of Western Australia. The remainder of the picture is that only \$1m will be left over. The total picture for the metropolitan hospitals is that a paltry, totally inadequate amount of \$3.8m is allocated for 13 hospitals, five of which are teaching hospitals. These teaching hospitals provide care for women, babies, young children and the mentally ill throughout the State, and for those people throughout the State who need some other form of tertiary care.

I categorically refute the minister's claims that I paint only part of the picture and that a vast amount has been set aside for capital works. A thorough analysis of the budget indicates that that money is non-existent. It indicates that \$3.9m will be shared between 11 of the 13 hospitals. The truth is that the remaining \$36.57m has been allocated to specific and new capital works. The Opposition is not knocking those projects - they are important. However, there is no support for the infrastructure of our remaining 11 hospitals. It is wrong of this Government to say that its approach to health is to build up the outlying hospitals while at the same time it is undermining, underfunding and under-resourcing the major teaching hospitals of this State. That is why the Opposition totally opposes the Government's approach to hospital funding.

In the medium to long term, we will have a much deeper crisis than that currently envisaged. We will have outlying hospitals which provide secondary care but which cannot provide tertiary care. They will not be able to deal with the complex, life-threatening cases that provide opportunities to teach and to conduct research. Those hospitals will lose their staffing and critical mass and that will be at odds with trends elsewhere in the world.

While the Opposition agrees that to some extent we should take services to the people, there must be a limit. One cannot replicate Royal Perth Hospital and Sir Charles Gairdner Hospital with hospitals in the outlying suburbs. There is no sense in doing that, but that is the way the Government is driving our health agenda.

Mrs van de Klashorst: You must live in Perth.

Ms McHALE: The minister is misjudging what I am saying. I have said that there must be a balance between providing medical, clinical and other health services in secondary hospitals and providing a strong teaching hospital structure.

Mrs van de Klashorst: It is still city-centric.

Ms McHALE: It is not. There is an interdependence between the two. This Government is saying that it must provide these services in outlying areas because the metropolitan area has too many hospitals. That is wrong for several reasons: First, it does not recognise the relationship between the metropolitan teaching hospitals and the outlying hospitals; and, second, it suggests that there is no population in the metropolitan area and that people do not travel into the city from the suburbs. Most suburbs are 25 minutes travelling time from the major hospitals, and some are further out.

Mrs van de Klashorst: That is rubbish.

Ms McHALE: Their service provision is being improved.

If the minister were to read the material available about population growth, she would see that the trend the Government is following will be very detrimental to our health system in the long term. The pattern is in the budget process.

For the sake of the minister interjecting, I point out that some metropolitan hospitals are also outlying hospitals. I am not talking about the five city hospitals but about Swan District Hospital, Osborne Park Hospital, Kalamunda District Community Hospital, Armadale-Kelmscott Memorial Hospital, Rockingham-Kwinana District Hospital and the others that comprise the metropolitan hospital system. That is why members opposite are blind to what they are doing to our health system.

I refer again to the \$2.8m set aside for metropolitan hospitals. The *2000-01 Economic and Fiscal Outlook* indicates that \$900 000 of that \$2.8m has already been allocated. That document states -

- \$2.8m . . . for various metropolitan Health Services developments including an upgrade of the Royal Perth Hospital Emergency Unit and roofing work at Rockingham.

A response to a question in the Estimates Committee in the upper House indicates that those two projects will cost \$700 000 and \$200 000 respectively. So, \$900 000 of the \$2.8m has already been allocated. That leaves \$1.9m for the 13 hospitals in the metropolitan area, including the minister's outlying hospitals. That is the amount allocated by this Government - a Government that claims it is totally committed to King Edward Memorial Hospital for Women and Graylands Hospital and that it will upgrade them. It is planning to upgrade our women's hospital and our psychiatric hospital with \$1.9m. That is a joke. That is why I say that the truth about capital works has been stretched to the limit by the Minister for Health.

MR CARPENTER (Willagee) [7.48 pm]: I will take this opportunity to make a few remarks about the capital works budget and how it impinges on my electorate and my portfolio responsibilities.

I will dwell for a moment on an issue that traverses capital and recurrent expenditure in my electorate. I refer to the hoary old chestnut of police resources. My electorate comprises 14 suburbs in the south metropolitan area and the hinterland of Fremantle. In days gone by it had one operational police station - Hilton police station. It once had between 14 and 17 police officers servicing a very large area. The electorate has 23 000 to 24 000 electors and about 40 000 to 45 000 people. Unfortunately, as part of the Delta program the Government saw fit to close that police station. That did not please me and it pleased my constituents even less. Despite my best efforts lobbying the police hierarchy and the various police ministers - all of whom have failed in their portfolio responsibilities - I was unable to convince them to maintain Hilton as an operational police station.

A police station was opened at Murdoch a couple of years ago and we were guaranteed it would provide better service, more police officers, quicker response times and so on. We were told that between 25 and 40 police officers would be attached to that police station. In the end there were 22 officers. I have had direct dealings with some of the police officers at that station and they have provided me with a list of their shifts. It shows that one police van patrolled about 17 to 20

suburbs in the south metropolitan area on any given night in any given week last year. The member for South Perth knows about this because we have discussed it. Of course, we were guaranteed that, despite all this, we were getting a better deal from our Police Service.

I was told by the current police minister that Hilton had not been closed and was in fact still open despite a continuous stream of constituents from my electorate walking 300 metres or 400 metres from the closed police station to my electorate office complaining that the doors of the police station had been shut for months. When I raised the matter directly with the Fremantle police hierarchy, they assured me that Hilton police station was still operationally open and police numbers were attached to the station. It is true that on occasions there is a police presence for an hour or two during the week at the Hilton police station. However, the people of Hilton and surrounding suburbs - as I said, it covered virtually my entire electorate - are particularly angered as there is no doubt that police response times in many suburbs have worsened in the intervening period but crime and anti-social behaviour have increased, particularly in Hilton. Unless a very serious offence has been committed, many people now simply do not take the trouble to ring the police as they know that nine times out of ten they will not receive a worthwhile response. Members, and I am sure everybody in Western Australia, would have taken great interest in the reports published recently of the number of calls to the police which went unanswered. Top of that hit list of unanswered calls to police districts was Fremantle.

Mr Cunningham: And Mirrabooka.

Mr CARPENTER: No, Fremantle was at the top of the list with about 26 000 unanswered calls. Fremantle is where the after-hours calls of much of my electorate are patched into. I would just like to have my regular whinge session about what happened to the Hilton police station. When I walk down Paget Street, Hilton, where the police station is situated, and look into the police yards I often see the grass four feet high and rubbish blowing all over the street, usually pamphlets that have been put into the police station letterboxes but blown out onto the street. The place looks like a crime scene much of the time. Every now and then someone slashes the grass and gets it down to below knee level again. It is unacceptable that the decline in the police infrastructure in my electorate of Willagee, but principally in Paget Street, has been allowed to occur in the way that it has. It sends a message to people who live in Hilton, an old area established just after World War II for working people from the port of Fremantle and around that area, that they do not matter in the State Government's allocation of police resources because they used to have a police station and that police station has been closed and allowed to fall into disrepair. It is covered on occasions with graffiti and, as I said, the gate is falling off, the fence is damaged and so on. People in my electorate object to being treated like that, particularly when I point out to them that there are three operational police stations within a drop kick's distance of the electorate offices of the members for Cottesloe and Nedlands yet, in my area, the only one that was there has been closed. I make the point once again that I commit on a regular basis to my constituents, who visit my office to complain about the lack of police resources, that I will take the matter up in Parliament, and I do so again - to what effect, I do not know but I will wait and see. However, I am elected to represent their views and their concerns, and that is what I do.

I will move now from police resources to a similar theme of educational resources in my electorate, remaining within the capital works budget as much as I can. Several cases have been brought to my attention which, in turn, I have brought to the attention of the minister's department which require capital works expenditure - I do not believe significant amounts of capital works - on schools in my electorate. I will give a brief idea of several of those cases. Firstly, East Hamilton Hill Primary School is in the suburb of Hamilton Hill, a working person's suburb where there is not an overabundance of personal wealth. The parents and citizens association of East Hamilton Hill Primary School finds it very difficult to raise large sums of money off its own bat. Like many primary schools around the State, East Hamilton Hill Primary School has fallen foul of the increasing amount of vandalism, graffiti and generally unsocial after-hours behaviour damaging the school. I will not go into the details; however, some of the vandalism is particularly unpleasant and the parents at the school are concerned to improve the hygiene and safety of the environment for their children. Incidentally, in either 1999 or 1998 virtually every window on one side of the primary school was broken in one fit of vandalism. The department must have spent a large amount of money over the years to keep up the presentation of that school. The parents of the school have asked me to try to obtain a fence for them to surround the school buildings and the playground area which have become unsafe on some occasions for their children. If the minister reads the correspondence, he will discover how that lack of safety manifests itself. I will not go into the detail of it but it is quite disgusting. The parents at that school would very much like to be able to have a fence to protect the buildings and their children's educational and playground environments. They have had two applications knocked back because the amount of damage to the school was deemed insufficient to justify the erection of a fence. I do not know the threshold figure; it must depend on the size of the school and so on. However, a question of personal safety is involved at the school in the kinds of activities that have taken place and I urge the minister and the department, whoever prioritises expenditure on capital work for such things as fences, to reassess the case of East Hamilton Hill Primary School.

Mr Barnett: I do not believe I have been to that school; I will have a look at the situation.

Mr CARPENTER: It is not a large school. The department may have misunderstood the fence size requested by the PCA. It was a small area with an interior rectangle, if the minister knows what I mean, which it wants closed off.

The second case is of Kardinya Primary School, the largest primary school in my electorate. The members of Kardinya Primary School parents and citizens association have done a fantastic job of providing resources for the school over the years. They have provided a canteen, airconditioning and so on. However, they are currently incensed as occupational health and safety regulations deem unsafe some of the playground equipment at Kardinya Primary School. The equipment was of the old-style steel pipes and wood which had been used for a few decades without injury. However, changing

judgments on the safety of the equipment saw the removal of the playground equipment. The members of the parents and citizens association were told that if they wanted replacement playground equipment they would have to pay for it themselves, which is unbelievable. Playground equipment is an essential part of a school environment and contributes significantly to the educational experience of children. To tell parents that they have the responsibility of raising the money to provide that essential equipment is unfair and cannot be justified.

A similar circumstance exists at Coolbellup Primary School, not for playground equipment but for a request for a covered assembly area. Coolbellup Primary School is an old school which was built before schools were routinely provided with covered assembly areas. The school has made an effort to provide a covered area for children but is unable to provide the amount of covered space that it would like to because of a lack of finance. It has, in fact, used old perspex corrugated material to provide a small amount of covered assembly area. I have requested the Education Department to find the funds, which I do not believe would be extreme, to allow an upgrade of that covered assembly area. However, again, the request was knocked back and I find it difficult to understand why.

At Glendale Primary School in Hamersley the parents and citizens have been told that because the transfer of the five-year-old preschool program from a community-based preschool to the school site is taking place next year, they must provide the money for everything that is required to go along with the transfer apart from the physical construction of the building. They are being asked to provide the finances for playground equipment, fencing, toilets, a sandpit and so on. They find it difficult to accept that they must provide that money because they found the money to provide the community facility. Now the school is being moved out of the community facility onto the Education Department facility, they are being told they must do it all again. They do not appreciate that. They believe, and I agree with them, that the Education Department and the Government have a responsibility to provide those basic essentials for the children of this State, no matter where they live, so that they can enjoy their educational experience and benefit fully from it.

The issue of Bunbury Primary School was raised in the Parliament last week when the member for Bunbury sought to allay fears in his electorate which he said were generated by the Labor Party. I do not know how he came to that conclusion. There were fears that the Government was forcing Bunbury Primary School to sell off land if the parents wanted a kindergarten centre to be constructed at the school. In his answer to that Dorothy Dix question from the member for Bunbury the minister said that he had raised the possibility of selling off land for the construction of that facility.

Mr Barnett: It is true that the school may have thought of it independently, but I suggested it.

Mr CARPENTER: Yes, in a letter to the principal.

Mr Osborne: Your Labor Party endorsed candidate for Bunbury sent out a flyer saying that the minister was forcing Bunbury Primary School to sell part of its playing area. That is how I got the impression.

Mr CARPENTER: If the member wishes to speak on this, he can speak for 15 minutes, but in the meantime let me point out that in effect what the minister was saying was that if the parents and citizens of that area wanted a fixed facility, they would have to pay for it. He suggested that the way to do that was for them to sell off some land. There was no Labor Party rumour-mongering or scare-mongering.

MR OSBORNE (Bunbury) [8.03 pm]: I will take up the opportunity that has been suggested to me by the member for Willagee.

Mr Carpenter: You might have given me the courtesy of letting me finish my speech. I might sit and interject on you for 15 minutes.

Mr OSBORNE: The member is obviously very sensitive. He had 15 minutes.

Mr Carpenter: I was about to talk on Bunbury Primary School for a minute.

Mr OSBORNE: The member raised the issue in the fourteenth minute of his speech, so I take the opportunity to respond.

Mr Carpenter: I raised a whole series of other matters.

Mr OSBORNE: The member for Willagee mentioned that I asked the question in the Estimates Committee about Bunbury Primary School. He said that he had no idea how I came to the view that the Labor Party had put out a false rumour about the kindergarten. I take this opportunity to advise the House that the Labor Party's endorsed candidate in Bunbury has put out a flyer in the Treen Street area telling an absolute untruth.

Mr Barnett: Inaccurate? I cannot believe it!

Mr OSBORNE: Yes, in fact I am in the process of producing a series of flyers in response which will be promoting a competition in my electorate.

Mr Carpenter: Can you table the offending document tonight?

Mr OSBORNE: It is in my office. I will show it to the member later this evening.

Mr Carpenter: You should table it now. We have only your word for it.

Mr OSBORNE: Let me tell the member for Willagee what the flyer said and then he may stop asking me questions about it. As I have said, I am in the process of setting up a competition in my electorate. Prizes will be offered and a condition

will apply, which is that the Labor candidate is not able to enter the competition. The competition revolves around fibs that the Labor Party candidate is telling in the electorate. I think this is fib No 3.

The ACTING SPEAKER (Ms McHale): Order! There is too much noise in the Chamber.

Mr OSBORNE: I will tell the member for Willagee exactly what the Labor Party candidate for Bunbury has said. The Labor Party candidate said that the minister had written to Bunbury Primary School, to force the school to sell part of its playing area to fund the construction of a kindergarten. That is not true. What happened was that the minister visited the school in recent months. The school community said to the minister that they would like a purpose-built kindergarten. The minister said that he would investigate options and respond to them. He responded in writing, saying that the department and he had an offer in place for a prefabricated kindergarten but if the school wished to carry out its wish to have a purpose-built kindergarten, the extra money for the cost of the building would need to be found by the community. The minister merely made the suggestion that one of the options was the possible sale of some land. He also said that the decision rested completely with the local community. The parents and citizens association did exactly the right thing: It took that suggestion back to the community. I understand that as recently as a few days ago the community came back and said that it did not wish to pursue the option of a purpose-built kindergarten and by extension I take it that that means that it will accept the Government's offer of a prefabricated kindergarten.

The simple fact of the matter is that the Labor Party candidate is telling fibs, not only by implication. He is saying and has said by way of a questionnaire that the minister is forcing Bunbury Primary School to sell part of its playing fields. That is an absolute untruth. The Labor Party candidate in Bunbury is on record in black and white as saying so. It does not bother me in the least because the Labor Party candidate in Bunbury is developing a strong reputation for putting out furphy questionnaires which have misleading questions.

The ACTING SPEAKER: May I remind the member of the Speaker's guidelines on relevance, which I replicated very admirably.

Mr OSBORNE: You very nobly undertook to follow them, Madam Acting Speaker. I will accept your direction. I simply wished to set the record straight and to give my good friend, the member for Willagee, the opportunity to hear the truth of the matter so that he will not continue to peddle the nonsense which he was unfortunately mistakenly peddling.

Mr Carpenter: Stay on your feet. Show some courage.

Mr OSBORNE: I do not lack courage.

Mr Carpenter: I used to watch you play football as a 17-year-old when you were a very courageous player.

Mr OSBORNE: I used to punch up the Railways boys for the member for Willagee!

Mr Carpenter: You could have done better, but still. What attitude did you take to the minister's providing the community with the option of either raising the money itself or selling off the land?

Mr OSBORNE: My advice was that they would be well-advised to accept the offer of a prefabricated building. That is what I conveyed to the principal of the school. What the minister said, what the principal of the school said, and what the president of the P & C, Mrs Pauline Meemeduma, undertook to do was to follow the democratic process and put the question to the P & C association. That is what they did. The response of the parent body was "thanks but no thanks". It did not want a purpose-built kindergarten but would like to have the prefabricated one, which it accepted as a perfectly acceptable outcome for the school.

MR KOBELKE (Nollamara) [8.09 pm]: The Appropriation (Consolidated Fund) Bill (No. 2) provides for the appropriation of the sum of \$569m for the purpose of capital services. The Government has a very large capital expenditure program. I want to draw out some of the figures which give an indication of the size and importance of that expenditure. Capital expenditure is very important for the State. The projects being funded by this budget and undertaken by the Government over a number of years are very important for the State. However, I have a real concern that we are not getting value for money. I disagree with the priorities of the Government in spending that money. We must recognise the important contribution that capital expenditure makes to the State. The building of new schools, the enhancement and expansion of existing schools, the construction of a range of new police stations, which are very much needed, and the large expenditure on roads across the State are items contained in this Bill. A range of items of capital expenditure are not contained in this budget, so I will only allude to those. The increased expenditure on housing for the various utilities, such as Western Power and the Water Corporation, is part of the Government's capital expenditure which is not contained in this budget but which is very important to the development of this State and to the provision of services.

In considering what the Government has done, I will draw on some figures from the *2000-01 Economic and Fiscal Outlook*, which is budget paper No 3. On page 9 it states -

The Western Australian economy is forecast to grow by 4% in both 1999-2000 and 2000-01. Growth has been concentrated in dwelling investment, public investment and consumer demand in 1999-2000, but is expected to be broader-based over the next few years.

I turn to the figures which support that statement, which is a correct summary of the figures outlined on page 113. I will use figures for the year just finishing, 1999-2000, and also for the forthcoming year, 2000-01, of which this expenditure is a part. It will be seen that it is a rocky road. Dwelling investment in the current year grew by 12.5 per cent, but business

investment fell by 11 per cent. In the upcoming year from 1 July, those figures come down to an equilibrium, whereby they do not make a great contribution, as opposed to one figure being very high and the other being very low. Dealing with public expenditure, in the year just gone, consumption expenditure grew by 4 per cent, but investment expenditure, which is the capital expenditure in this budget, grew by 26 per cent - a mammoth injection of funds into capital expenditure by this Government. As a consequence of that, the budget for the forthcoming year shows that public investment will fall by 6 per cent. That is not a big issue in terms of a drop in capital investment. The situation is that there was a huge increase last year and now it is dropping off a little. Therefore, there is no problem with that. This year we are again maintaining a very high capital expenditure.

I have just given the actual growth figure of 4 per cent. If one examines the contribution of the growth percentages to the total gross state product, it will be seen that dwelling investment in the current year contributed 0.75 per cent, public consumption 0.75 per cent, and public investment - that is, public capital expenditure - 1.25 per cent. Of the total 4 per cent state growth, 2 per cent came from extra spending by the Government, and 0.75 per cent came from housing investment, which was the pre-goods and services tax boom. Therefore, if the pre-GST boom and the huge extra spending by this Government is taken out, that is 2.75 per cent of the 4 per cent. Without those two unusual, abnormal factors, the growth would have been only 1.25 per cent - quite poor.

In the forthcoming year, of which this capital expenditure is a part, the actual contribution to state growth indicates that in the public sector, consumption and capital investment equal each other, resulting in a nil effect. Similarly, with the pre-GST boom gone, dwelling investment contributes zero to growth. Therefore, the Government is hoping that the 4 per cent growth for the coming year will be built totally on increases in business investment and very large increases in exports and imports. The Opposition hopes that will be the case. However, those increases in imports and exports will to a large extent be driven by national and international factors, and we do not have much say in that. I hope that the Government has the projections right; otherwise the State will be in a bit of a hole. Western Australia's import and export economy will pick up. It is a matter of timing. If the timing is delayed a little, there will be a problem; if the timing is more prompt, as the Government hopes, those figures are likely to prove to be well founded.

Mr Kierath: The member's views are supported by the number of his colleagues who are present.

Mr KOBELKE: Is the minister disagreeing with me?

Mr Kierath: You are just on your own.

Mr KOBELKE: There are not too many members present on the minister's side either. I do not need to be distracted, because I have only limited time and I wish to cover a number of points.

The conclusion from that is that the Government has clearly primed the pump in the 1999-2000 year. It has poured a huge amount into capital expenditure to try to keep state growth moving. In principle, nothing is wrong with that. What is wrong is the way this Government went about it, because it never said that that was what it was doing. The Government said that everything was rosy. The economy was going along marvellously, and it could afford to splash out all this money on capital expenditure. That was a deliberate misleading of this Parliament and of the people of this State. It can be seen from these figures that in the last financial year the Government poured in a huge amount of money - as I said, an increase of some 26 per cent in capital expenditure - to keep the economy going.

However, the Treasurer did not come into this place and say that because the Government could see an economic downturn due to factors beyond its control, it would put a lot more money into capital expenditure to make sure that economic activity in this State continued at a good rate of 4 per cent. No, the Treasurer was totally deceptive. He said no such thing. He did not explain to the House what was the economic basis for the budget he brought down last year. The situation is the same this year. The Treasurer and the Minister assisting the Treasurer have not been willing to be honest and open about the effect of this budget. The Government has put in a lot of money to keep the economy going, simply because it is the year before an election.

I turn to another two short passages from page 4 of the same budget paper. We find here the outcome of the spending by the Government. It states -

Total public sector net debt is expected to increase from \$5.4 billion at 30 June 2000 to \$6.1 billion at 30 June 2004 as a result of the increase in capital expenditure by both the general government and PNFC sectors over that period.

It states further -

Most of the State's debt is held by the (PNFC) sector and serviced through its commercial operations.

Two things can be seen from that. The first is that the Government has primed the economy by pouring a huge amount into capital expenditure, and it has done that by increasing debt. As I said, if that were the Government's stated objective, I would have no problem with it. If the economy was turning down because of influences beyond the Government's control, a bit of pump priming would be a good thing. However, instead of that, the Government said the opposite, and is blowing out the deficit by a large amount. The second point is that the Government is also misleading when it tries to say that the extra debt is largely serviced through commercial operations. That is true to the extent that those operations will pick up the debt and the interest payments, but they have the extra debt because the Government has ripped the money out of the trading enterprises to try to fill the hole in its general government debt. It has done that through the Water Corporation and

other agencies. I have laid that out clearly in a previous speech, and I will not go over that now. The Government has transferred general government debt to the trading enterprises by making them increase their payments so that in the coming year they will pay over \$500m net into the general coffers - a fourfold increase on what they were paying four or five years ago. Therefore, there is an increase in the public enterprise debt to cover the hole in the general government debt.

As I said, capital expenditure has been good, but I disagree with the priorities. This Government has been too keen to build monuments to itself and to its ministers - belltowers and tunnels - when they were either not needed or there were much cheaper alternatives. Another factor is that the Government has an aversion to programs which incur recurrent expenditure. What members opposite would much rather meet capital expenditure and build a monument to this Government, even though it may be at the cost of a very much-needed facility. They then do not have to have any recurrent expenditure. This Government has a very clear preference for capital expenditure over recurrent expenditure. The problem with that is that we have marvellous police stations but not enough police or cars to provide an effective service; we have wonderful computers in our schools, but there is no recurrent expenditure to make sure that they work or to give in-service training to teachers. The Government may be spending \$100m over four years to provide computers but it is not providing any money to make the computers work. One would have thought that in education, it would be more important for the computers to work, that they are plugged in, that the software is loaded and that teachers are given the professional development to make maximum use of the computers. Not with this Government: Computers are great because the money was taken out of capital expenditure. In past years they were provided from recurrent expenditure, but they have suddenly become part of capital expenditure, because it suits the Government to have everything put in the capital budget and to have very little in the recurrent budget! The quality of education is not improved by not putting money into recurrent expenditure; safety on our streets is not improved if the number of police, police vehicles and resources are not covered by recurrent expenditure; and the problems in our hospital system are not improved by building hospitals - which is important. However, if no money is provided for staff and services, the health services we need will not be delivered. This Government has a bias towards capital expenditure and it is not getting the balance right so that recurrent expenditure is delivering services while it is also providing the very much-needed capital expenditure.

My last point relates to the incorrect capital expenditure priorities of this Government. Roads are one example. In my electorate, two intersections - Reid Highway and Alexander Drive and Reid Highway and Mirrabooka Avenue - are in the top 10 worst black spots in the State. Bridges are needed over the Reid Highway at those intersections. The construction of those bridges has been put off for years even though both intersections are in the top 10 worst black spots in Western Australia. Instead, the Government is extending the Reid Highway to Marmion Avenue because it has a political problem in that electorate and because the City of Stirling is contributing money to have it constructed more quickly. The black spots have not been fixed and the money has gone elsewhere - a very clear example of the incorrect priorities of this Government. The belltower is an outstanding example of this Government's incorrect priorities.

In conclusion, this Government is involved in budget mismanagement on a major scale. The Premier cannot come into this place and tell the truth; the Minister assisting the Treasurer, when asked hard questions, tells us to ask the Treasurer. The Treasurer, of course, is nowhere to be found. The Treasurer was not even willing to make a statement on the "Access Economics Budget Monitor No. 46", which came out this week. It was a very concerning study of the Western Australian economy which indicates that for four years to this current year this State has had an accrual deficit, and for six years, from this year on, it will have a cash deficit. This State will have increased borrowing compared with South Australia, even though both States are on the same credit rating. The banks are saying that this State is becoming less and less a good borrower and they are now charging this State more interest than South Australia because of this blossoming deficit.

Mr Barnett: Is a blossoming deficit a good or bad thing?

Mr KOBELKE: This Government seems to think that it is very good because it keeps talking it up in an illusory way. It is saying that things are good and that the debt is not something that we should worry about. This Government simply does not want to face up to the realities and that is part of the whole process of the poor management. We do not get the best value for the money spent. The priorities are often questionable, and while the range of projects is commendable, we are not getting value for money and we are wasting capital on projects which should not be given the priority that they are being given by this Government.

Question put and passed.

Bill read a third time and transmitted to the Council.

APPROPRIATION (CONSOLIDATED FUND) BILL (No. 3) 1999

Returned

Bill returned from the Council without amendment.

House adjourned at 8.24 pm

QUESTIONS ON NOTICE

Questions and answers are as supplied to Hansard.

OLD-GROWTH FOREST, LOGGING

1980. Dr EDWARDS to the Minister for Forest Products

- (1) How many hectares of –
- (a) old-growth karri forest;
 - (b) old-growth jarrah forest;
 - (c) old-growth jarrah woodland;
 - (d) old-growth wandoo forest; and
 - (e) old-growth wandoo woodland,
- will be logged between 1 March 2000 and 31 December 2003?

- (2) What will be the remaining area of –
- (a) old-growth karri forest;
 - (b) old-growth jarrah forest;
 - (c) old-growth jarrah woodland;
 - (d) old-growth wandoo forest; and
 - (e) old-growth wandoo woodland,
- at 31 December 2003?

Mr OMODEI replied:

- (1)-(2) The precise area of old growth forest to be logged between now and the end of 2003, and hence the total remaining area of old growth forest at that time, cannot be estimated until logging plans for this period are finalised. Indicative logging plans which identify the gross areas to be considered for harvesting during the period 2001-2003 are currently being prepared. In keeping with the Government's new framework for community consultation, finalisation of the logging plans will involve community consultation processes.

THE PROSPECTOR, FARES

1989. Ms ANWYL to the Minister representing the Minister for Transport:

- (1) What is the cost of the following fares between Kalgoorlie and Perth on the Prospector train-
- (a) one way; and
 - (b) return,
- for
- (i) students;
 - (ii) concession holders;
 - (iii) children; and
 - (iv) adults?
- (2) How much will the fares be after the introduction of the G.S.T. on 1 July 2000?

Mr COWAN replied:

The Hon Minister for Transport has provided the following response:

- (1) (a) (i)-(iii) \$24.65
 (iv) \$49.30
 (b) (i)-(iii) \$49.30
 (iv) \$98.60
- (2) Students, concession holders and children: One Way \$ 26.30
 Return \$ 52.60
 Adults: One Way \$ 52.65
 Return \$105.30

BUNBURY REGIONAL HOSPITAL, BUDGET

1990. Ms McHALE to the Minister for Health:

- (1) What was the 1999-2000 budget allocation made by the Bunbury Health Services for the Bunbury Regional Hospital?

- (2) In this budget-
- (a) how much was allocated for payment to St John of God Health Care for services provided to public patients; and
- (b) how much was allocated for payment to other private providers for services to public patients?
- (3) As at 29 February 2000 how much of this budget allocation has been expended?

Mr DAY replied:

- (1) The budget allocation in the progress report provided to the Health Department of Western Australia (HDWA) by the Bunbury Health Service (BHS) states that the allocation to the Bunbury Regional Hospital (BRH) is \$21.091m.
- (2) (a) No allocation from the BHS budget is provided to St John of God Health Care for public patient services. However, the Health Department of WA does purchase services for public patients from St John of God Health Care based on completed activity. The completed activity purchased includes oncology services, renal dialysis services and palliative care services. The total payment to St John of God Health Care for these services is \$463,658.
- (b) The following contracts have been entered into by BHS :
- Catering for BRH with St John of God Health Care (SJOG) at \$7.26/meal. The contract amount will vary depending on occupancy. Anticipated cost for full year is \$585,000.
- Facilities management (Engineering) contract is with SJOG. The current contract amount is for \$200,000.
- Supply of laundry services and linen contract is with Spotless Linen and will vary depending on activity at the hospital. Anticipated cost for full year is \$425,000.
- Radiology contract is with Imaging the South. Costs will vary depending on activity. Anticipated cost for full year is \$540,000.
- (3) The budget allocation in the progress report provided to the HDWA by the BHS states that the allocation to the Bunbury Regional Hospital is \$21.091m. The budget expenditure in the progress report provided to the HDWA by the BHS states an expenditure of \$15,997.6m as at March 1st 2000.

WIND POWER, EXMOUTH

2020. Mr BROWN to the Minister for Energy:

- (1) Is the Minister aware of an article that appeared in *The West Australian* on 3 March 2000 under the heading of "Exmouth Windfall" which reported Western Power would install three wind turbines at Exmouth that will each be capable of generating 25kW of power, saving up to 50,000 litres of diesel fuel and 150 tonnes of carbon dioxide emissions a year?
- (2) How does the cost of wind generated power compare to the cost of other power sources in Exmouth?
- (3) What are the respective costs to Western Power, of producing power from the different sources?

Mr BARNETT replied:

- (1) Yes.
- (2) The cost of wind generation is generally higher than diesel generation.
- (3) The cost of diesel fuel to produce a unit of electricity in Exmouth is around 20 cents. The cost to generate electricity from the Exmouth mini wind farm, which will only supply 1% of Exmouth's electricity needs, will be around 15 cents per unit after taking into account the capital cost offset from funding received from the Federal Renewable Energy Commercialisation Program. The occurrence of cyclones in the North West of Western Australia unfortunately prevents the use of larger and more economic wind turbines such as those used at Denham.

JARRAH STRATEGY

2100. Dr EDWARDS to the Minister for Forest Products:

In undertaking the development of a jarrah strategy, is the Minister-

- (a) consulting with any representatives of
- (i) local government; and/or
- (ii) plantation timber products companies; and/or
- (iii) conservation agencies; and
- (iv) if the answer to (i), (ii) and/or (iii) is yes, will the Minister provide details and if not, why not;

- (b) having regard to the low sawn timber recovery rates of some logging companies;
- (c) examining jarrah log royalties or prices in view of continuing concern that such royalties are set far below the market value of the jarrah logs;
- (d) having regard to the future impacts on future jarrah availability of climate change, reduced rainfall, dieback, salinity, waterlogging, insect attack, or failed regeneration arising from accident or mismanagement;
- (e) taking into account the requirement of Westrail and other timber railway sleeper purchasers that only first-grade jarrah can and will be used in railway sleepers;
- (f) investigating the ability of SIMCOA to derive its charcoal requirements from a source or sources other than jarrah;
- (g) undertaking any studies of the relative costs and benefits of the continued supply of jarrah to operations such as SIMCOA in preference to fine wood craft and furniture industries;
- (h) examining the export of minimally-processed jarrah by Western Australian companies, and the potential loss of job opportunities caused by this;
- (i) giving consideration to the need for internationally credible timber certification, such as that provided by the Forest Stewardship Council; and
- (j) having regard to the implications for the jarrah industry of the logging out of all remaining old growth jarrah in the State forest within approximately 15 years?

Mr OMODEI replied:

- (a) The jarrah strategy consists of a number of elements which will be considered by the Minister for Forest Products and the proposed Forest Products Commission in developing the jarrah strategy for the post 1994-2003 Forest Management Plan period. This will involve consultation with a range of industry and community sectors. A contract has been let under the WA FISAP programme to consultants BIS Shrapnel Forestry Group to develop an "Industry Development Strategy for the WA Native Hardwood Timber Industry". I will provide relevant details as development of the strategy progresses.
- (b) SOTICO achieves sawn recovery levels equal to the industry average and achieves the production of value added timber products well above the industry average. The joint State and Commonwealth Western Australian Forest Industries Structural Adjustment Program will provide financial assistance to businesses and industry bodies to further develop a responsible and sustainable native forest timber industry in Western Australia which is both efficient and internationally competitive and thereby create greater employment opportunities for south west communities. These are important considerations in the development of the jarrah strategy.
- (c) The process of engaging a consultant to conduct a review of native hardwood log prices is underway.
- (d) The jarrah strategy will be based on sustainable forest management principles and the determination of the long term non declining sustainable level of jarrah sawlogs as detailed in the Regional Forest Agreement and any subsequent examination by an appropriate expert panel.
- (e) Specifications for railway sleepers do not require the processing of only "first grade" jarrah timber. Sleeper specifications can tolerate low quality timber defects which would not normally be acceptable in most structural timber grades.
- (f) Simcoa is conducting its own studies to assess the most appropriate source for its charcoal requirements.
- (g) Simcoa uses low value jarrah timber residues as part of a value adding manufacturing process to convert low value silica to high value silicon metal. The finewood craft industry is already provided with the opportunity to purchase jarrah log timber in preference to Simcoa.
- (h) SOTICO is the major supplier of sawn jarrah timber to companies such as Jensen and Clarecraft, who are the main Western Australian manufacturers of outdoor furniture and BVR and Fremantle Furniture Factory who are the main Western Australian manufacturers of indoor furniture. The value adding commitments in future sale contracts for jarrah sawlogs will require high levels of manufacturing into value added timber products either on site or further manufacturing predominantly in Western Australia.
- (i) Each State and Territory, through Australia's Ministerial Council on Forestry, Fisheries and Aquaculture, is involved in the process of developing an Australian Forestry Standard under which a third party accredited certifier can provide a written assurance that the quality of forest management conforms to specified standards. The standard will form the basis of a voluntary forest management certification system that will support sustainable forest management in Australia to be available for use by public and private forest owners. It is intended that the Standard will be based on Australia's commitment to the Montreal Process Criteria and Indicators for assessing sustainable management of boreal and temperate forests outside Europe. The Standard will provide the basis for third party auditing in conjunction with the ISO14001 Environment Management System standard.
- (j) The management of State forests under the principles of ecologically sustainable forest management will ensure there is a long term non declining sustainable level of jarrah sawlog available for the timber industry.

KING EDWARD MEMORIAL HOSPITAL, RISK MANAGEMENT PROCEDURES

2124. Dr CONSTABLE to the Minister for Health:

What are the risk management procedures at King Edward Memorial Hospital when an 'adverse event' is suspected or occurs?

Mr DAY replied:

Adverse patient events at King Edward Memorial Hospital are dealt with in accordance with a hospital policy document that requires all incidents to be reported and investigated. The detail of what occurs is lengthy and a copy of the policy document can be provided. The process involves the following:

- The patient's immediate safety and care is attended to;
- The incident is reported immediately to a medical practitioner and nursing supervisor;
- The patient (and carer if relevant) is informed of the incident;
- The Chief Executive and senior clinical managers are notified;
- The Director of the unit ensures that the incident is investigated and remedial action is taken to prevent a recurrence;
- Significant incidents are reported to the Medical Advisory Committee for their consideration and for the purpose of communicating effective risk management practice within the hospital.

HEALTH, SERVICES FOR MEN

2204. Ms ANWYL to the Minister for Health:

- (1) What specific research is being conducted in relation to men's health issues?
- (2) Is the Minister concerned about the de-funding of the Rockingham Men's Meeting Place?
- (3) Have any steps been taken by the Minister or the Minister's department to evaluate the service?
- (4) If so, will the Minister provide details?
- (5) What research has been or is being done by the Minister's department as to the health problems of men in regional communities?
- (6) What is the ratio of males undertaking -
 - (a) attempted; and
 - (b) completed,
 - (c) suicides in Western Australia?
- (7) What specific programs exist for the prevention of suicide in -
 - (a) Perth; and
 - (b) any other place,
 and what is the cost of each?

Mr DAY replied:

- (1) There is no research currently funded by the Health Department of Western Australia specifically addressing men's health issues as the Department funds research according to disease condition rather than gender. A report on this issue commissioned by the Commonwealth Department of Health and Aged Care in 1998 titled "Men's Health: A research Agenda and Background Report" determined that there is nationally no clearly defined area of men's health research.
- (2) The Health Department of Western Australia has provided \$47,800 per annum funding to the Men's Meeting Place for the last two years. A condition of the Men's Meeting Place receiving this Government funding was that an evaluation of the service would be conducted.
- (3) The Centre for Mental Health Research has undertaken an external service evaluation. Subsequent to the evaluation; the Mental Health Division has recommended that the Men's Meeting Place continue to be funded recurrently at the present level of \$47,800PA, on an annually renewable basis (as with other Non-Government-Organisation service providers).
- (4) The purpose of the evaluation was to determine the profile of men using the Men's Meeting Place, the ability of the service to work cooperatively with mental health services and the degree to which it meets contemporary standards. The evaluation report has been completed. The findings showed the Men's Meeting Place to be a dedicated service providing assistance and improving access to mental health and other services to its target population; adult males in crisis. This is significant because people in this demographic often cannot or will not access services in spite of their frequently high levels of need for assistance.
- (5) The Health Department of Western Australia continually aims to improve the services available in Western Australia through its purchasing agreements with regional health services. Specific examples of research outside the framework of the existing service arrangements include:

Research that has accompanied the development of the Regional Health plans. Contributing to the work of the National Rural Health Policy Forum such as the development of the Health Horizons Framework 1999-2003. Development of a Noongar Men's Health Manual and funding of men's health development through Aboriginal organisations.

- (6) The Health Department of Western Australia's *Report On Hospitalisation Due To Deliberate Self-Harm In Western Australia, 1981-1998* found that, over that 17 year period, the age standardised rate for attempted suicide admissions was 117.2 per 100,000 for males and 175.0 per 100,000 for females – about 1.5 times higher for females than males. The Youth Suicide Advisory Committee report *Suicide in Western Australia, 1986-1997* stated that males completed suicide at around four times the average annual rate of females (males 20.2 per 100,000 population and females 4.7 per 100,000 population).
- (7) The Health Department of Western Australia provides funding for a range of specific suicide prevention and intervention services and projects. These include:

- (a) In Perth;

All public mental health services see suicidal youth as part of their overall service delivery mandate. Services located at the Armadale/Kelmscott Health Service, Swan Community Mental Health Clinic, Peel Health Service, and Fremantle, Sir Charles Gairdner and Royal Perth Hospitals which provide intensive support, follow up and counselling to people who have engaged in self harm or attempted suicide; The Perth Coastal Division of General Practice together with Sir Charles Gairdner Hospital and Joondalup Health Service provide an integrated suicide prevention service focussing on training of general practitioners, provision of crisis intervention and follow up contact and referral to community services for longer term support if this is needed; The Youth Suicide Advisory Committee which is an intersectoral committee charged with developing and implementing suicide prevention strategies for at risk youth. All Senior High Schools also have at least one support staff member trained in the identification of suicidal tendencies amongst students. All Senior High Schools also have in place a plan to deal with peers directly affected by suicide, and the mental health issues arising as a result.

- (b) In other areas:

Services in the rural areas of the South West and Great Southern which provide emergency assessment and treatment 24 hours per day at a health site, a person's home or other appropriate location;

Services provided by Samaritans including a Youth Liaison Program that provides one to one support to youth at risk of suicide and their families, an 1800 Youthline providing 24 hour support using trained and supervised volunteer counsellors to rural youth and a publication "Country Link Up Newsletter" that is distributed quarterly among health care workers in rural areas for rural youth;

In the Eastern Wheatbelt Health Region the development of training for services personnel and health professionals, community based organisations and support groups involved in the care and counselling of suicidal people.

In the Northern Goldfields Health Region the identification of risk factors for suicide, raising of community awareness and development of hospital accident and emergency protocols; Albany Samaritan Befrienders organisation which provides phone line support to youth in crisis; The Youth Counsellor Program under which the government committed to provide \$1.4 million recurrent funding for youth counsellors in regional centres. These funds will be used to provide a Health Department of Western Australia response to health and mental health issues with a focus on reducing risk for youth suicide. A prevention and early intervention emphasis will be adopted that is also holistic and family centred; Funding of \$800,000 under the Youth Counsellor program will be allocated to Youth Counsellors for Aboriginal young people. Counsellors are being provided in selected locations that have been chosen on the basis of risk for youth suicide.

Crisis support to Aboriginal communities affected by suicide clusters in the Kimberley, Carnarvon and Armadale regions; The National Youth Suicide Prevention Strategy funding administered by the Health Department of Western Australia for counselling services for rural areas is largely targeted at Aboriginal youth.

Most of the above involve suicide prevention services being provided as a part of a range of health services and it is not possible to identify specific costs. Information about the cost of services has been provided where this is available.

PRINCESS MARGARET HOSPITAL FOR CHILDREN, MEGA ZONE, COST

2311. Ms McHALE to the Minister for Health:

I refer to the Mega Zone at Princess Margaret Hospital and ask -

- (a) what was the total cost of the mega zone;

- (b) what is its purpose;
- (c) when was it opened;
- (d) how many staff does this facility have; and
- (e) how many children (adolescents) have used the facility since its opening?

Mr DAY replied:

- (a) \$2.488 million. The Megazone was paid for by the PMH Foundation. No government funds were used.
- (b) To meet ongoing developmental needs of individual children and adolescents.
To assist children and adolescents in coping with the unfamiliarity of the hospital environment.
To increase children's and adolescent's understanding of their hospitalisation and treatment.
To promote a sense of control, mastery and positive self-concept and to allow children and adolescents to make some impact on their environment.
To facilitate children's and adolescent's self-expression, sharing of feelings, concerns and their understanding of illness, treatment and the role of hospital staff.
To meet children's and adolescent's need to cope with separation and deprivation (and/or stimulation).
- (c) 30 June 1999 – official opening.
- (d) 1.7 FTE, 4 staff.
- (e) 4390 (30 June 1999 – 30 March 2000).

MINISTRY OF JUSTICE, OFFENDER MANAGEMENT AND PRISONER SERVICES DIVISIONS

2327. Mr RIEBELING to the Parliamentary Secretary to the Minister for Justice:

- (1) Since 1 July 1999, how many senior manager appointments have been made in the -
 - (a) Offender Management; and
 - (b) Prisoner Services,
 Divisions of the Ministry of Justice?
- (2) What is the name of each person so appointed and what position has each person been appointed to?
- (3) Have any of the appointed people worked in the Department of Contract and Management Services or the agency/department otherwise known as CAMS?
- (4) Did any of the appointees work at the Department of Contract and Management Services during the period of time that the Director General was so employed at that department?
- (5) Of the appointees, which ones worked at the Department of Contract of Management Services during the time the Director General was employed in that department?
- (6) Did any of the appointees apply for a position with the Ministry of Justice after the closing date of applications?
- (7) On what basis was the application accepted/allowed?
- (8) Has there been any complaint or grievance lodged about one or more positions being allocated to individuals who applied after the closing date of applications?
- (9) What is/was the nature of the complaint/grievance?
- (10) Was the complaint/grievance investigated and if so, what was the result of the investigation?
- (11) If not, why not?

Mr BARRON-SULLIVAN replied:

Assumption – Senior Management positions = Senior Executive Service Positions and any other positions of Director status or above

- (1) Offender Management – 4.
Prison Services – 4.
- (2) Offender Management
 - Wendy Murray – Director Planning & Policy Level 9.
 - Alex Taylor – Director Services Procurement Level 8.
 - Ian Vaughan – Director Sentence Management Level 8.
 - Robert Harvey – Executive Director Class 4.
 Prison Services
 - Anthony Leech - Director Metropolitan Prisons Class 1.
 - Barry Cram – Director Business Management Level 9.
 - Jacqueline Tang – Director Operational Services Level 9.
 - Terry Simpson – General Manager Prison Services Class 3.

- (3)-(4) Yes.
- (5) Alex Taylor.
Robert Harvey.
- (6) Yes.
- (7) "Women in Management in the WA Public Sector" Recommendations Circular to Ministers 1 Feb 1999 re Women in Public Sector Management.
- (8) Yes.
- (9) That the application was accepted late.
- (10) Yes, by the Public Sector Standards Commissioner – the investigation is still being undertaken.
- (11) Not applicable.

WESTERN POWER, WEST KIMBERLEY

2361. Mr GRILL to the Minister for Energy:

- (1) If Western Power awards a contract for the supply of electricity for the West Kimberley to gas proponent, what level of Community Service Obligation (CSO) payment from the State to Western Power is likely to result?
- (2) If fossil fuel prices continue to rise, what is the forecast level of the CSO payments over the next 10 and 18 year periods?
- (3) Have similar calculations been made for the CSO obligations resulting from the Tidal energy proposal?

Mr BARNETT replied:

- (1)-(3) Please refer to answer to Question on Notice 2006.

OFFICE OF ENERGY, MEETINGS OF THE ELECTRICAL REGULATORY AUTHORITIES COUNCIL

2362. Mr RIPPER to the Minister for Energy:

- (1) Do Office of Energy representatives attend meetings of the Electrical Regulatory Authorities Council?
- (2) If yes, how many meetings has the Office of Energy attended since January 1999?
- (3) For those meetings with no representative from the Office of Energy, why was there no representative?

Mr BARNETT replied:

- (1) Yes.
- (2) Two meetings have been held since January 1999, the last of which was in November in Perth. Both have been attended by the Director of Energy Safety of the Office of Energy.
- (3) Not applicable.

STREET LIGHTS, CARINA CLOSE

2370. Mr McGOWAN to the Minister for Energy:

I refer to Carina Close, Rockingham and ask-

- (a) why did the street lights in Carina Close go out on the week commencing 24 April 2000;
- (b) for how long did the lights remain out;
- (c) what was the reason for them going out;
- (d) was it a deliberate decision by Western Power; and
- (e) how often has this occurred in the last 12 years?

Mr BARNETT replied:

- (a) During the week commencing 24 April 2000 two of the four street lights in Carina Close were reported as out. The first was reported on the 27/4 and the second reported on the 28/4.
- (b) Both lights were repaired on the 28/4.
- (c) Both lights needed new globes.
- (d) There was no decision by Western Power to turn off street lights. The outages were caused by the premature failure of globes.

- (e) Globe failures are not common and Western Power takes precautions to minimise their frequency. All the globes in the street lights in Carina Close were replaced as part of a bulk replacement program in 1998. Information on how often street light globes have failed in Carina Close over the past 12 years is not readily available but will be obtained and submitted.

PRINCESS MARGARET HOSPITAL FOR CHILDREN, CORPORATE NUMBER PLATES

2424. Ms McHALE to the Minister for Health:

- (1) Will the Minister advise whether Princess Margaret Hospital has purchased corporate number plates?
- (2) If so, how many have been purchased?
- (3) What is the cost of this initiative?

Mr DAY replied:

- (1) No. Princess Margaret Hospital has not purchased corporate number plates. (The PMH Foundation developed a PMH number plate at the end of 1998 as a fundraiser. Plates are made to order and sold to members of the public by the foundation.)
- (2)-(3) Not applicable.

ROYAL PERTH HOSPITAL, SHENTON PARK CAMPUS, CLOSURE

2427. Dr CONSTABLE to the Minister for Health:

With reference to question on notice No. 1412 –

- (a) is Royal Perth Hospital's Shenton Park campus going to be closed by the Government;
- (b) so, when will it be closed; and
- (c) where will its rheumatology services, rehabilitation services and stroke unit be relocated?

Mr DAY replied:

- (a) There are no plans currently to close the Royal Perth Hospital's Shenton Park Campus.
- (b)-(c) Not applicable.

AMAROO NURSING HOME, FUNDING

2438. Ms MacTIERNAN to the Minister for Health:

- (1) Was Amaroo Nursing Home given any State Government grant or loan for capital works around 1993-1994 or at any time in the last decade?
- (2) If yes, what was the sum given?
- (3) Under what program was this funding provided?
- (4) What circumstances were taken into account in the provision of this grant?

Mr DAY replied:

- (1) Yes.
- (2) \$1,000,000
- (3) HDWA Capital Works Program for 1994
- (4) Forty State Government Nursing Home bed licences were transferred from Mt Henry Hospital to Amaroo, as Gosnells was a relatively under-bedded area according to Commonwealth planning data. The Commonwealth approved the transfer of the bed licences and contributed \$1M towards the capital cost. The State also contributed capital to the construction and fitting out of a 40-bed nursing home in Gosnells, subject to the following conditions:
 - the capital grant was to be no more than \$1M and would include costs towards the furnishings of the nursing home;
 - Amaroo was to accept up to 40 Mt Henry Nursing Home residents who wished to transfer to Amaroo;
 - In selecting staff for the nursing home Amaroo had to give prior consideration to staff displaced from Mt Henry Hospital as a consequence of the transfer of the 40 nursing home beds to Amaroo Nursing Home;
 - Amaroo had to spend not less than \$500,000 out of its own funds for the erection, construction and establishment of the nursing home.

GOVERNMENT DEPARTMENTS AND AGENCIES, INTERNAL LIBRARY SERVICE

2464. Mr RIEBELING to the Minister for Works; Services; Citizenship and Multicultural Interests:

In relation to those agencies within the Minister's responsibility which have an internal library service -

- (a) what is the name of the agency;
- (b) how many staff are employed at the library of the agency;
- (c) what is the budget allocation for the library -
 - (i) in the current financial year; and
 - (ii) in the 2000/2001 State Budget?
- (d) will each of the agency libraries remain fully operational during the coming financial year; and
- (e) if no to (d) above, in which agency will there be a change, what is the nature of the change, and why is the change occurring?

Mr JOHNSON replied:

Department of Contract and Management Services

- (a) Contract and Management Services
- (b) 2.2 persons
- (c)
 - (i) \$170,000
 - (ii) \$ 13,000 plus a possible management fee, yet to be determined.
- (d) No. Contract and Management Services' library, as it currently exists, will be closed. The precise arrangements for the future provision of library services required by CAMS are presently under investigation.
- (e) The change is occurring because:
 - online facilities are now available for research and information-gathering previously performed by the library
 - the nature of work performed by Contract and Management Services has changed and a full library service is no longer required.
 - the high cost of maintaining the library for the level of service required.

State Supply Commission

The State Supply Commission does not have an internal library service

(a)-(e) Not applicable.

Office of Citizenship and Multicultural Interests

- (a) The Office of Citizenship and Multicultural Interests has a small self-help library resource collection.
- (b) No allocated staff position.
- (c)
 - (i) \$6,000
 - (ii) \$8,000
- (d) Yes.
- (e) Not applicable.

OLD-GROWTH FOREST, LOGGING

2473. Dr EDWARDS to the Minister for Forest Products:

I refer to the 1,510 hectares of old-growth forest logged in the 1997 and 1998 calendar years and ask -

- (a) how much of this area was logged in -
 - (i) 1997; and
 - (ii) 1998;
- (b) how much of this 1,510 hectares was old-growth karri in-
 - (i) 1997; and
 - (ii) 1998;
- (c) how much of this 1,510 hectares was old-growth jarrah in-
 - (i) 1997; and
 - (ii) 1998?

Mr OMODEI replied:

- (a) (i) 390 hectares

- (ii) 1,120 hectares
- (b) (i) 110 hectares of old growth karri was logged in 1997
(ii) 660 hectares of old growth karri was logged in 1998
- (c) (i) 280 hectares of old growth jarrah was logged in 1997
(ii) 460 hectares of old growth jarrah was logged in 1998

It should be noted that the amount of old growth forest logged in 1997 was considerably reduced while the RFA planning process was under way. The 1997 figure is therefore not a sound basis for comparison. It would not be reasonable to draw any conclusion from the fact that the 1998 figure is greater.

UNEMPLOYMENT RATE

2485. Mr BROWN to the Minister for Employment and Training:

- (1) Is the Minister aware of an article that appeared in *The West Australian* newspaper on 12 May 2000 concerning the State's unemployment rate rising to 7% in April?
- (2) Was the unemployment rate rise to 7% expected?
- (3) If so, why?
- (4) If not, why not?

Mr BOARD replied:

- (1) Yes. The seasonally adjusted unemployment rate for Western Australia for April 2000, released by the Australian Bureau of Statistics (ABS) on the 11 May 2000, was 7%. This fell to 6.3% for the month of May 2000.
- (2) The Department of Training and Employment does not provide monthly labour market forecasts. Monthly figures are volatile and notoriously difficult to predict.
- (3)-(4) Official labour force estimates published by the ABS on a monthly basis include original, seasonally adjusted and trend series. ABS publications are increasingly emphasising the trend series rather than the seasonally adjusted or original data. The ABS advises that its trend estimates are the better guide to the substantive movements in all areas covered by its time series collections, and are generally more suitable for most business decisions and policy advice. In April 2000, the trend estimate of Western Australia's unemployment rate stood at 6.5%. Western Australia continues to have the second lowest rate of unemployment of any State in Australia.

FINN, MR SHANE, TRANSFER TO RIVERBANK

2491. Mr BROWN to the Minister representing the Attorney General:

- (1) At any stage was prisoner Shane Finn transferred to Riverbank?
- (2) On what date or dates did the transfer take place?
- (3) What were the circumstances giving rise to the transfer?
- (4) To what extent was there any involvement by the Minister's office in organising, arranging or influencing the transfer?

Mr PRINCE replied:

The Attorney General has provided the following reply:

- (1) Yes.
- (2) Mr Finn was transferred to Riverbank Prison on 2 November 1998.
- (3) Mr Finn was part of the inaugural intake of prisoners to Riverbank.
- (4) None.

PERCENT FOR ART SCHEME

2514. Ms WARNOCK to the Minister for Works:

- (1) How much has been spent on the Percent for Art scheme in 1999-2000?
- (2) How much does the Government expect to spend on the scheme in 2000-2001?
- (3) What role does the Government play in the procurement of public art through the Western Australian Building Management Authority?
- (4) How much of it is Western Australian art?

Mr JOHNSON replied:

- (1) An estimated \$1.6 million was allocated to improving the quality and value of our public buildings through the Percent for Art Scheme in the 1999-2000 financial year.
- (2) Forward projections indicate a similar figure will be spent in 2000-2001. It is important to note that the cost of the artwork created through the Percent For Art Scheme is found from within the existing project budgets, and does not involve any additional money. For participating projects, up to 1% of the existing budget is re-allocated towards artworks designed to be integrated with the building and its landscape.
- (3) The Percent for Art Scheme is administered through a strategic alliance between Contract and Management Services (CAMS) and ArtsWA. CAMS implements the Percent for Art Projects, supported by policy advice and advocacy from ArtsWA.
- (4) Of the several hundred artists involved in the scheme to date, to the best of my knowledge, all have been West Australian Artists.

PUBLIC ACCESS TELEVISION, FUNDING

2665. Ms WARNOCK to the Minister for the Arts:

What funding if any has been provided for Public Access Television in Western Australia in the present budget?

Mr BOARD replied:

No specific funding has been allocated. However, \$170 000 is provided by ScreenWest to the Film & Television Institute, many of whose members are, or have been involved in production for community television.

QUESTIONS WITHOUT NOTICE

GUNNING INQUIRY, EVIDENCE

890. Dr GALLOP to the Premier:

I refer to evidence before the Gunning inquiry that the Minister for Fair Trading directed ministerial and departmental staff to "lean on" a failed finance broking firm to recover \$100 000 invested by his former father-in-law, and ask why, given the seriousness of the allegations, which in essence amounts to the improper use of his position, the Premier has not moved immediately to stand aside the minister?

Mr COURT replied:

I have said on a number of occasions that if I were given evidence that a minister had acted improperly I would have the minister stand aside quickly. I find it an unusual question when the minister concerned is presently giving evidence at the inquiry.

Dr Gallop: He is accountable to this Parliament.

Mr COURT: He certainly is accountable to this Parliament. Yesterday, under oath, Mr Dowling made it clear that Mr Mitchell was the public servant who had apparently said that the minister wanted someone to lean on him. He also said that Mr Mitchell was a straight-shooter with 25 years' experience in the public service. He did not think there was anything the slightest bit improper or untoward in Mitchell's informing him that the minister was interested in the two constituents. He did not adjust his actions one bit as a result of the call. He did not even mention the minister to Mrs Blackburne. She confirmed this and said the settlement was due before the meeting - some two days before - and everyone in that mortgage investment who wanted their money back got it. The meeting proceeded in relation to the other complaint.

Mr Ripper: Is the Premier reading from a transcript?

Mr COURT: No, I am not. The meeting proceeded on the other complaint, which Mr Dowling said was a great deal more complex. Mr Dowling and Mrs Blackburne said that Mr Skepper was just an observer who played no part. Mrs Blackburne said she was always visited by two officers from the ministry and treated the occasion as no different from any other time. It would have been impossible for Mr Skepper to influence the matter as that had already been finalised and the cheques had been drawn two days before. Mitchell also categorically denied seeking any special favour and also denies using the term suggested by Mr Dowling.

Dr Gallop: He said he could not recall.

Mr COURT: No - I suggest the member do his homework. The minister has tried to assist Mr Gaunt and he specifically did not inform Mr Mitchell of the relationship so as to ensure there was no impression of any request for special treatment. Not the slightest bit of evidence was given that there has been any impropriety on the part of the minister. Two distinguished gentlemen and distinguished lady are carrying out the inquiry. They will hear all the evidence and they will pass their judgments.

Point of Order

Mr KOBELKE: I ask the Speaker to request the Premier to table the document from which he was quoting.

The SPEAKER: If it is an official document which is being quoted from then it should be tabled.

Mr COURT: It is not official documentation. I will table it if requested because I have just read it into *Hansard*.

[See paper No 987.]

GUNNING INQUIRY, EVIDENCE

891. Dr GALLOP to the Premier:

During yesterday's hearing, did Mr Mitchell say that he did not recall the conversation he had about this matter, or did he deny that he used those words? There is an important distinction. The Premier is misleading this Parliament.

Mr COURT replied:

I have not read a transcript of the hearing.

Mr McGinty: I was there, and he said that he could not recall the discussion.

Dr Gallop: He could not recall the discussion. It is different from what you said.

Mr COURT: Mr Mitchell has made it quite clear that he would not use that language. Mr Dowling said that nothing improper occurred.

Dr Gallop: You have misled this Parliament.

Mr COURT: No, I have not. The Opposition has ridiculed this inquiry from day one but, on a daily basis, it is prepared to use the inquiry for its own purpose. Why does the Opposition not allow the inquiry to simply get on with its job?

EXPORTS, WESTERN AUSTRALIA

892. Mr BLOFFWITCH to the Premier:

What has been the performance of the Western Australian export sector in recent quarters following the Asian economic downturn?

Mr COURT replied:

I was interested to hear the comments made by the Deputy Leader of the Opposition that there was a bleak outlook for the State's economy.

Mr Ripper: I said there was a bleak outlook for the State's finances, not the economy.

Mr COURT: The document I have says that the member for Belmont said that the report presented a bleak outlook for the State's economy.

Dr Gallop: The Premier has got two things wrong in two questions.

Mr COURT: The opposition member's words were that there is a bleak outlook for the economy. The Asian downturn was interesting in that commodity prices went down. Although the volume of exports held up reasonably strongly, their value declined. There has since been a strong lift in commodity prices. An article published in *The West Australian* by Alan Thornhill in Canberra said that Western Australia is leading the nation out of the red. In the first quarter of this year, exports grew by 49.7 per cent, compared with the same quarter last year, which is a 50 per cent increase in export values. That is the strongest quarterly increase in export values since the data series began in 1989. The dollar value of the exports in the three months to April 2000 was \$2.34b higher than the corresponding period last year. The value of the exports increased by 64.6 per cent, or \$723m, over that period in just one market - Japan, our largest export market. The volume of exports rose by 23.8 per cent, and that rise was underpinned by increases in the volume of nickel metal ores, alumina, petroleum and iron ore. Western Australia is moving from the low base that resulted from the Asian downturn and the low commodity prices, and a lot of people in Canberra are grateful for the outstanding performance of the export sector of the Western Australian economy.

MINISTER FOR FAIR TRADING, DISCUSSION WITH PREMIER

893. Mr McGINTY to the Premier:

I refer to the Premier's claim on 6PR this morning that the Minister for Fair Trading told him two weeks ago about the allegations made before the Gunning inquiry yesterday, particularly that the minister used his position to the benefit of his former father-in-law, and ask -

- (1) Who initiated that conversation between the Premier and the Minister for Fair Trading and why?
- (2) Were other ministers or staff members present while the Premier was briefed?
- (3) Did the minister inform the Premier of any other allegations he believed might be made against him?

Mr COURT replied:

(1)-(3) The matter was brought to my attention by a staff member in my office, Deidre Willmott. I then raised it with the Minister for Fair Trading.

Dr Gallop: How did she know?

Mr COURT: The Opposition asked how I found out about it: It was brought to my attention by my office, which is the way things normally happen.

Dr Gallop: I asked, by interjection, how she knew about it.

Mr COURT: I suppose the minister raised it with her, and I then discussed it with the minister. To my knowledge, there are no other allegations.

SAFER WA, GOVERNMENT COMMITMENT

894. Mrs PARKER to the Minister for Local Government:

I refer to the State Government's commitment to Safer WA and in particular the commitment to improve law and order through partnerships between all levels of government and the community. Are there any recent examples of state government support to local governments in my electorate in their role of contributing to a safer community?

Mr OMODEI replied:

I thank the member for some notice of this question. As members will be aware, as Minister for Local Government I have responsibility for the Safer WA program on which this Government has placed a great deal of importance. The member for Ballajura has been supportive of local initiatives for Safer WA. I understand that as chairperson of the Ballajura Safer WA committee, she is having discussions with the residents and the council on community security initiatives.

Through the Safer WA community security program, the Government has made grants to the City of Bayswater and the Shire of Swan to support their community security efforts. In 1998-99, the City of Bayswater and the Shire of Swan received \$10 000 each to conduct a security audit. In 1999-2000, the City of Bayswater received \$25 000 to install security lighting in the Maylands area and \$60 000 as a security patrol subsidy. Since 1998-99, a total of \$105 000 has been made available by the State Government to the City of Bayswater and the Shire of Swan.

The member for Ballajura has been instrumental as a good local member in that area in the promotion of Safer WA. Members present will be aware that Safer WA is not only about security patrols but also better urban design, better lighting and early intervention processes that have been introduced across the whole spectrum. It is a good program which I understand the Leader of the Opposition supported during Local Government Week when Safer WA was launched.

GUNNING INQUIRY, EVIDENCE

895. Mr McGINTY to the Premier:

I refer to the Premier's claim on Radio 6PR this morning that he discussed yesterday's evidence before the Gunning inquiry with the Minister for Fair Trading two weeks ago, specifically his claim that "The minister made it clear to me that under no circumstances would he have told a public servant to lean on someone."

- (1) How did the minister know at the time of his discussions two weeks ago that Fair Trading investigator Stuart Dowling would say he was instructed to "lean on" Blackburne and Dixon?
- (2) Did the minister have access to Mr Dowling's notes after his conversation with Bill Mitchell; if so, why?

Mr COURT replied:

(1)-(2) I did not discuss with Doug Shave evidence given in the inquiry yesterday. How would I know what evidence was going before an inquiry? Even the media reported that Mr Mitchell denied he used the term "leaned on".

Dr Gallop: He did not remember the conversation.

Mr COURT: I do not know where members opposite are coming from. I did not discuss evidence with the minister. How would I know what was the evidence?

Mr McGinty: What an amazing answer.

Mr Court: Check your question.

The SPEAKER: Order! That question has come and gone; I cannot let people interject across the Chamber.

WATER CORPORATION, DIVIDEND TO GOVERNMENT

896. Mr TUBBY to the Minister for Water Resources:

The Opposition has been circulating a letter to regional newspapers regarding the Water Corporation's dividend to government.

- (1) Are the figures quoted correct?
- (2) If, so can the minister explain the dividend process?

Dr HAMES replied:

- (1)-(2) I compliment the Leader of the Opposition for comments he has made in the past. Unfortunately, he has not passed on those comments to his colleagues. Recently, the Leader of the Opposition in the Legislative Council has been making comments in press releases about the profits of the Water Corporation going to the Government and those profits being used to fund public works. In effect, he has been criticising that process. He quotes that 96 per cent of the corporation's profit goes to the Treasury, not counting the developers' contributions. If one includes those contributions, the figure is 80 per cent.

Dr Gallop: The Premier gave us that figure during the Estimates Committees.

Dr HAMES: The Leader of the Opposition should listen. It is 96 per cent, excluding developers' contributions. Those contributions are part of the profit, so the figure is 80 per cent.

When he was much younger and the Minister for Microeconomic Reform, the Leader of the Opposition in this place made the following comments under the heading "Corporatisation - benefits for all" -

All Western Australians are starting to benefit from a new approach by government -

That is, the then Labor Government -

- to the provision of commercial goods and services. As part of its commitment to reforming the public sector, the WA Government has embarked on a programme of "corporatisation" -

Later in the document, under the heading "A new approach to public sector reform", reference is made to how important it is to have corporatised bodies - that is, government trading enterprises - at arm's length from the Government. Reference is also made to the benefits of corporatisation and why it is desirable. The Leader of the Opposition stated -

GTEs achieve higher retained earnings, enabling them to make bigger contributions to government revenue.

Mr Ripper: It is now \$500m.

Dr HAMES: It is nowhere near that figure.

Several members interjected.

Dr HAMES: I do not know about all GTEs. I am talking about the Water Corporation, and the figure is about \$130m.

The leader further stated -

Additional revenue may be deployed to fund key social programmes.

That is exactly what is happening - the money from the Water Corporation is being spent on hospitals and education. The Water Corporation has been able to make significant contributions for those social benefits. Over the past three years it has provided \$275m for wastewater treatment plants in this State, \$240m for the infill sewerage program, and \$200m for dams and pipelines, with \$24m made available for country water schemes over the past five years. As members can see, the Water Corporation has made a massive contribution to infrastructure throughout the State as well as helped to fund schools and hospitals.

FINANCE BROKING INQUIRY

897. Dr GALLOP to the Premier:

I refer to the Premier's claim on 6PR this morning about the Minister for Fair Trading's intervention in the finance broking scandal on behalf of his former father-in-law and the comment that, when a complaint comes to the minister, that minister has an obligation to follow it through without fear or favour, and I ask -

- (1) Why did the minister pursue that complaint from his father-in-law when hundreds of other complaints from elderly investors were ignored by the minister and his department?
- (2) Is it the Premier's contention that the minister's former father-in-law did not receive any favourable treatment from the minister?

Mr COURT replied:

- (1)-(2) I am not aware of the minister's not dealing with every complaint.

Several members interjected.

Mr COURT: As I understand it, he receives complaints from members opposite and has followed them through.

Several members interjected.

Mr COURT: Members opposite should give me an example of a complaint made to the minister that he has not addressed.

GRAYLANDS HOSPITAL, FUTURE

898. Mr OSBORNE to the Minister for Health:

I refer to the Leader of the Opposition's comments last week that he is concerned about the future of Graylands Hospital. Can the minister inform the House whether there is concern about the future of Graylands Hospital?

Mr DAY replied:

I thank the member for some notice of the question. It is irresponsible for the Opposition, or anyone else, to speculate about the future of Graylands Hospital. The reality is that Graylands Hospital plays a very important role in the provision of high quality mental health services in this State, particularly as a tertiary centre of excellence, not only in the treatment of people with a mental health need but also in the field of teaching and research for both medical and nursing training.

Mr Kobelke: Do you commit to supporting the hospital?

Mr DAY: I totally support Graylands Hospital. Graylands Hospital plays a very important role -

Dr Gallop: Do you have any plans to close it?

Mr DAY: Absolutely not, and it is quite irresponsible -

Dr Gallop: Is any planning going on to close it?

Mr DAY: Absolutely not. No planning is going on to close Graylands Hospital. Quite the contrary; planning is under way at the moment to further upgrade the services which are provided and the facilities which exist at the Graylands Hospital site.

Dr Gallop: Has there ever been any planning to close it in the past few years?

Mr DAY: There has been no planning. There might be if the Opposition happened to be elected. The only thing this Government has done as far as the provision of mental health services is concerned is expand services. We have substantially increased the amount of funding for the provision of mental health services in this State from about \$102m per annum when Labor was in government to the current level of \$170m per annum. That is a substantial increase indeed. In addition, the government has a policy of providing services closer to where people are living, whether it be in regional centres or in outer parts of the metropolitan area.

Mrs Roberts interjected.

Mr DAY: It is interesting that the member for Midland keeps interjecting on this issue, because -

Mrs Roberts: You do not know what is going on in your own portfolio.

Mr DAY: I know what is going on in my portfolio, and I also know what is going on in the member's electorate. What is going on in the member's electorate is that an inpatient mental health unit is being built at Swan District Hospital, and that is good for the member's constituents, it is good for my constituents and it is good for the member for Swan Hills' constituents.

Mrs Roberts interjected.

Mr DAY: If the member for Midland stopped yapping for a minute and actually listened, she might learn something. The reality is that this Government is providing more services closer to where people are living, whether it be at Swan District Hospital or the new Armadale hospital that is being built, and also in many other regional and outer metropolitan parts of the State, with a substantial capital works building program. Graylands Hospital is not being closed, and it is irresponsible in the extreme for the Opposition to speculate that that may be the case. The Opposition should acknowledge the substantial improvements that have occurred under this Government in the provision of mental health services.

FINANCE BROKING INQUIRY

899. Dr GALLOP to the Premier:

I refer to the last question that I asked, which the Premier did not answer, and I repeat: Is it the Premier's contention that the Minister for Fair Trading's former father-in-law did not receive any favourable treatment from the minister?

Mr COURT replied:

It is my contention that he received the same treatment as any other constituent who approached the minister.

WORKERS COMPENSATION INSURANCE

900. Mr OSBORNE to the Minister for Labour Relations:

Will the minister please advise about the recent announcement by the Premium Rates Committee on recommended premium rates for workers compensation insurance in Western Australia?

Mrs EDWARDES replied:

I am pleased that the Premium Rates committee has recommended a 3.9 per cent decrease in the recommended rate for workers compensation premiums. That brings the total reduction in the recommended rate to 13.9 per cent after a 10 per cent reduction in November last year. We will not just be standing by. We are waiting for further reform. The review of medical and associated health costs and the review of insurance arrangements are due to come to me by the end of July. Those reviews are expected to identify further cost savings, and I will bring those reports to the Parliament at that time. I want to highlight that the Premium Rates Committee has identified that 15 per cent of new common law matters involve a built-in psychological component which boosts the percentage of disability and enables access to common law. That is an issue which we debated in this House at some length last year. The member for Nollamara identified a commitment of the Opposition to work cooperatively with the Government to deal with the issue if it were identified as a problem.

Mr Kobelke: No, if it were shown clearly to be a problem; not on your hearsay. I want it a bit better than that, minister.

Mrs EDWARDES: It is not hearsay. The Premium Rates Committee has clearly identified that at least 15 per cent of new common law matters involve a psychological component. I am not saying that we must introduce change now on the matter but we must continue to monitor its progress and bring it to the attention of members opposite when it is brought to mine. It is interesting to note that the reintroduction of restricted access to common law in Victoria removed the psychological overlay as a basis for achieving a significant disability level. Therefore, it may be one issue that we continue to monitor and bring back to this Parliament in future.

GUNNING INQUIRY, EVIDENCE

901. Mr McGINTY to the Premier:

I refer to the Minister for Fair Trading's intervention on behalf of his former father-in-law which succeeded in recovering \$100 000 invested with Blackburne and Dixon Pty Ltd, and the Premier's assertion a few minutes ago that Minister Shave's former father-in-law received the same treatment as all other investors.

- (1) How many other investors in that project with Blackburne and Dixon have been fully paid out?
- (2) Is the Premier aware that the payment of 100¢ in the dollar to Mr Shave's former father-in-law reduced the amount of money left over for other investors?
- (3) Does the Premier accept that the minister's intervention benefited his former father-in-law at the expense of other investors?

Mr COURT replied:

I am told that is not the case, based on what I read out earlier.

Mr McGinty: It is.

Mr COURT: No, my advice is that everybody involved in that mortgage who wanted their money returned got it.

Mr McGinty: No, that is not right. A lot of people lost money because that deal went bad.

Mr COURT: I do not know the detail of the case. If the member knows the detail he should ask me a question on notice about it and I will ask the minister about the detail.

Mr McGinty: Most of the other investors have lost money on this deal. Doug Shave's former father-in-law got back 100¢ in the dollar because he was the only investor whom the minister lifted a finger to help. Everyone else was turned away.

Mr COURT: The evidence given yesterday in the Gunning inquiry was that cheques were prepared before the meeting ever occurred. I can only rely on evidence that was given. However, the member for Fremantle may have further information; I certainly do not.

Mr McGinty: We will bring it up.

Mr COURT: That is fine.

PRIORITY ACCESS PROGRAM

902. Mrs HODSON-THOMAS to the Minister for Employment and Training:

I refer to the priority access policy endorsed by Cabinet in September 1999. I understand that the policy encourages businesses to employ apprentices and trainees and that the Government gives such businesses preference when awarding large government contracts. Can the minister outline the progress in implementation and what outcomes have been achieved to date?

Mr BOARD replied:

I thank the member for some notice of this question. The priority access program gives businesses that are prepared to train apprentices and trainees priority access to government contracting. This is a beefed-up version of a previous program that had some anomalies in that some businesses were avoiding their training obligations. As a result of the progress of the program, I am pleased to report that the partnership between the Department of Training and Employment and the

Department of Contract and Management Services, as supervised by the Minister for Works, now has in the order of 675 employers who have signed up under their obligations. To date, the employment of some 57 new apprentices and trainees in this State is a direct result of that program. A total of 19 000 apprentices and trainees in Western Australia is a record number in this State, and some 9 600 started only last year. It is one of the reasons that Western Australia enjoys the lowest youth unemployment level in the country. As a Government, we will continue to give priority access to companies that meet their training obligations.

BRAZIER, MR MICHAEL

903. Mr RIPPER to the Premier:

Some notice of this question has been given. I refer to the jailing yesterday of former Liberal Party Swan divisional president, Michael Brazier, a convicted drug dealer and extortionist and a standover man for organised crime figures.

- (1) Did Brazier hold any positions on government boards or committees as was alleged in media reports last night?
- (2) If so, what were those positions and upon whose recommendation was he appointed?

Mr COURT replied:

I thank the member for some notice of this question.

- (1)-(2) The member gave some notice of this question this morning. We cannot find any evidence of his being on the cabinet register of boards and committees. We will continue to look for it, but we cannot find any evidence of his being appointed to a government board. If he were still on any government boards, we would quickly remove him.

Mrs Roberts: Is he still a member of the Liberal Party?

Mr COURT: I do not know, but if he is, I hope action is taken quickly to change that. Is Mr Burke a member of the Labor Party?

Mrs Roberts: I expect that he is, but I would not know.

Mr COURT: As I said, we have not found any evidence of his being on any boards or committees, but we will keep looking. I was not aware of the media report that mentioned that. In the time that the member has given us, we have not found Mr Brazier's name on any registers.

DAIRY INDUSTRY DEREGULATION, COUNSELLING SERVICES

904. Mr MASTERS to the Minister for Primary Industry:

As deregulation of the dairy industry approaches, I am receiving reports of an urgent need for family and emotional counselling services to be provided to some dairy farmers. Can the minister please advise whether money is available in the state assistance package for such counselling, and what action is being taken to meet this genuine need?

Mr HOUSE replied:

Money is available in the state assistance package for the issues outlined by the member. That assistance package will not be triggered until the legislation is passed. Early last week I took steps to get somebody with the appropriate skills into that area. In fact, I think we will probably need more than one person eventually. It is a fairly large area with a large number of people to cover. I share the member's concern about some of the issues that are being raised by families in that region. We need people with the appropriate skills; it is not as simple as putting in someone who does not have those skills. I have not checked this week, but I gave the instruction last week that somebody was to be placed in the area as soon as possible. I will be following up with a second person as soon as possible if that need arises.

CARNARVON SOIL REPLACEMENT PROGRAM

905. Mr RIPPER to the Minister for Primary Industry:

Some notice of this question has been given. I refer to the five pits being used for the Carnarvon soil replacement program.

- (1) Can the minister confirm that of the five pits from which soil is being sourced, two are on crown land and two are on Brickhouse station?
- (2) What is the location of the fifth pit and who is the owner of the pit?
- (3) When was it decided to use this pit and from whom is the soil from this pit being purchased?

Mr HOUSE replied:

I thank the member for some notice of this question.

- (1)-(3) I checked with the Carnarvon soil recovery scheme. Two of the pits are on Brickhouse station, and the other three are on crown land on reserves 35997, 39392 and 21089. Two of the sites on crown land are subject to pastoral lease. The decision to use that soil was made by soil scientists from Agriculture Western Australia at a series of meetings held in Carnarvon by the recovery committee about the middle of March. None of the soil from any of those sources has been purchased.

GOODS AND SERVICES TAX, THIRD PARTY INSURANCE PREMIUMS

906. Mr BLOFFWITCH to the Minister Assisting the Treasurer:

The Opposition has been criticising the Government on the issue of taxes and charges. Will the minister inform the House of the level of the compulsory third party insurance premiums in Western Australia after the introduction of the goods and services tax?

Mr KIERATH replied:

The Opposition has been bleating about taxes and charges recently and the Premier indicated how some government charges skyrocketed under the disgraceful terms of Labor Governments. I am pleased to inform the House that Western Australian motorists will pay the lowest compulsory third-party insurance premium in Australia even after the introduction of the goods and services tax.

I informed the House on 9 May this year that because of the GST and an increase in the costs of claims, there will be an increase of 7.5 per cent for third party insurance. The increase would not have been so large had it not been for the deplorable performance of the previous Government, especially the performance of the then Minister assisting the Treasurer who is now the Leader of the Opposition who put the welfare of the Labor Party ahead of the good financial management of the State and refused an increase in premiums, despite the most unequivocal recommendations of the chairman of the State Government Insurance Commission.

Now that situation has been rectified, Western Australia has the lowest premiums - \$20 less than the next lowest State, which is Tasmania, and a \$115 less than the most expensive. So we are between \$20 and \$115 less than every other State in the country. Some of those States will have to apply the GST to their premiums, so our premiums will be even lower. This further serves to illustrate that, despite the misinformation continuing to be peddled by a desperate Opposition which refuses to indicate the Labor Party policy, the facts speak for themselves. We are able to keep these taxes and charges to a reasonable level. This is an example of this Government's providing a social dividend to the people of Western Australia by ensuring that they have the lowest third party insurance premium of any State in the country.

LAW AND ORDER, NATIONAL PARTY POLICY

907. Mrs ROBERTS to the Deputy Premier:

With regard to the National Party's policy on law and order -

- (1) Will the National Party be telling voters at the next election that Western Australia does not need additional police officers to combat crime?
- (2) If so, does the National Party support the Government's plan not to increase the size of the Western Australia Police Service over the next four years?

Mr COWAN replied:

- (1)-(2) I look forward to negotiating with the Liberal Party for a coalition policy that will deal with not only law and order but also all those other core business areas of government. I also look forward very much to entering into the election phase because that is the time when the member's question will get a very comprehensive answer.

The SPEAKER: In my view, last week was one of those disappointing weeks in question time. Members must have listened a little, because today we have doubled the effort of last Thursday, even if it was coming off a low-ish base.
