

Legislative Assembly

Thursday, 3 July 1986

THE SPEAKER (Mr Barnett) took the Chair at 2.15 p.m., and read prayers.

TRANSPORT: RAILWAYS

Northern Suburbs: Petition

MR BURKETT (Scarborough) [2.17 p.m.]: I have a petition from 571 residents of metropolitan Perth which reads as follows—

To the honourable the Speaker and members of the Legislative Assembly in Parliament assembled.

The undersigned residents of Western Australia call upon the State Government to provide a passenger rail service to the northern suburbs as originally contained in the Stephenson Plan for the following reasons:

- (a) To alleviate the volume of traffic on the existing highways and free-ways;
- (b) To give the travelling public an alternative and safe mode of transport;
- (c) To boost the tourist access to out-lying attractions; and
- (d) To assist in decentralisation and your petitioners, as in duty bound, will ever pray.

The petition conforms to the Standing Orders of the Legislative Assembly, and I have certified accordingly.

The **SPEAKER**: I direct that the petition be brought to the Table of the House.

(See petition No. 11.)

BILLS (3): INTRODUCTION AND FIRST READING

1. Supply Bill.
2. Perth Mint Amendment Bill.
Bills introduced, on motions by Mr Brian Burke (Treasurer), and read a first time.
3. Acts Amendment (Electoral Reform) Bill.
Bill introduced, on motion by Mr Bryce (Minister for Parliamentary and Electoral Reform), and read a first time.

STATE GOVERNMENT INSURANCE COMMISSION BILL

Second Reading

Debate resumed from 2 July.

MR HASSELL (Cottesloe—Leader of the Opposition) [2.22 p.m.]: I was making a point yesterday that this legislation is not what it seems and that the statements given to us in the second reading speech are inadequate to explain what is really going on and inadequate to justify the sorts of provisions contained in this legislation.

The suggestion that the corporation will be at arm's length from the Government as a subsidiary of the commission is simply not borne out when one examines the provisions of the Bill. Clause 10 provides that the Minister may give directions to the commission with respect to its functions, powers, and duties, either generally or with respect to a particular matter, and the commission shall give effect to those directions. Clause 36 provides that the commission may give directions to the corporation with respect to its functions, powers, and duties, either generally or with respect to a particular matter, and the corporation shall give effect to those directions.

We should then consider the functions of the commission. Firstly, it is to issue or cause to be issued and undertake liability policies of insurance as required by the Motor Vehicle (Third Party Insurance) Act. Secondly, its function is to issue and undertake policies of insurance as required by two sections of the Workers' Compensation and Assistance Act relating to last resort liability and industrial diseases. The functions also include the provision of services and facilities to the corporation to enable it to carry on insurance business, to supervise the car insurance business by the corporation, and to acquire and hold shares in the corporation in accordance with clause 39.

The reality is that the commission and the corporation are completely under the control of the Government of the day. They are not removed from that control, as was suggested in the second reading speech. That has some significant consequences when one looks at things that might be done.

I can give an example of possible interference by the Minister. I hasten to point out that we are not saying that all exercise of ministerial control is wrong. We are attempting to point out the opportunities for ministerial control to be exercised and how much the organisation to be created by this legislation will have

a competitive advantage by virtue of its being a Government corporation. For example, the premium rates for the Motor Vehicle Insurance Trust can be determined, in effect, by the Government. This occurs under the provisions which give the Minister control. In relation to industrial diseases, the present position is that the premium rates committee currently cannot be overridden by the Minister, but now the Minister will be able to interfere in that area as well.

Here we see that the new commission and corporation, far from being independent of the Government in relation to premiums, will be more subject to Government control because whereas there will be a continuation of an existing power for the Government to control the MVIT premiums, there will be an increase in power for the Government to control premiums through the control of the industrial diseases premium rates.

A further example is that the Minister could direct the commission and the corporation to invest in a project being put forward by the Western Australian Development Corporation, regardless of the investment advice of the officers of the commission or the corporation. For example, the officers may determine that the best investment policy financially would be to spread investments; yet through these powers contained in the clauses to which I have referred, particularly clauses 10 and 36, the Minister will be able to direct the commission and the corporation to invest in WADC projects. We could have the situation where the WADC was a major developer negotiating with another developer and it was in need of funds. In those circumstances the Government can say, "We want this project to go ahead and therefore we will instruct investment in this project to be made by the Insurance Commission and/or the Insurance Corporation."

The other possible exercise of control under the legislation as drafted is that the Government could direct the commission, and through the commission, the corporation, regarding claim provisions for liability in various classes of business. In other words, the Government can, in effect, control the profit and loss of the operation by exercising power over the reserves in relation to the different classes of business.

Mr Brian Burke: Can I say this once? Hopefully, unless you are motivated by others, you will understand the Bill. What you say is not right. If you read the Bill, it requires the corporation to act according to prudent commercial principles, and it is not right in any case for

the Minister to direct the corporation or the commission to act otherwise.

Mr HASSELL: All I can say is that what is a prudent commercial principle is a matter of judgment.

Mr Brian Burke: It is a judgment not of the Minister; it is the judgment of those people you say can be directed. You do not put a caveat on the direction to the effect that it must be according to prudent commercial principles.

Mr Court: Doesn't clause 36 give you the power to direct?

Mr Brian Burke: That is where you are wrong.

Mr HASSELL: I am sure the Treasurer is acting on the advice he has been given. Under clause 10 of the Bill the Minister has the power to direct the commission, but it does not give any detail as to how it will carry out its functions. The clause reads—

The Minister may give directions to the Commission . . . generally or with respect to a particular matter . . .

Clause 36 reads—

The Commission may give directions to the Corporation . . . either generally or with respect to a particular matter . . .

If the Western Australian Development Corporation has an investment proposition which involves a proposal to work out a deal with a developer and it needs funds, the Minister can direct the commission, and the commission can direct the corporation that it is a desirable investment. It may well be a perfectly desirable investment and one which meets the criteria of prudent business practice. The point the Opposition is making is that this legislation allows the Government to control the corporation directly and it simply is not right for the Treasurer to suggest, as he did in his second reading speech, that the corporation is independent.

The reality is that the second reading speech has failed to explain the background; it has failed to give the sort of information required for a proper assessment to be made by the Parliament of this legislation; it has failed to disclose the details of the Price Waterhouse report and some of the relevant provisions contained in it, to which I drew the attention of the House yesterday. The Treasurer has skated around in his second reading speech and we are asked to accept the legislation on its face value without any clear position being explained on which the House can make a judgment.

I refer now to one of the most important aspects which the Treasurer has claimed for the legislation; that is, competitive neutrality. On page 298 of *Hansard* dated 17 June the Treasurer, in his second reading speech said—

The Government believes that competitive neutrality of the commission and corporation will be achieved by establishing the corporation at arm's length from the Government as a subsidiary of the Insurance Commission—

I have already demonstrated that that is not the case. It continues—

—and by funding the corporation through the issuing of share capital to the commission.

That does not prove anything. One only has to read the Act to realise that the issue of share capital is a matter of form and again it is totally under the control of the Minister and the Government. The Treasurer continued—

The issuing of share capital will provide also a benchmark by which to assess the commercial success of the corporation.

In addition, the legislation requires the corporation to—

comply with the Financial Administration and Audit Act;

The legislation requires the corporation to comply with the Financial Administration and Audit Act, but it does not state who will pay for that compliance. Of course, there may be considerable fees involved.

Mr Brian Burke: How do you make the corporation accountable there?

Mr HASSELL: I have acknowledged that the legislation does make the corporation accountable. However, it does not state that the corporation will pay the fees involved. It does have a competitive advantage in a sense. I am not talking about chickenfeed. Insurance companies have to spend a considerable sum of money on compliance with statutory requirements. This legislation gives a competitive advantage to both the commission and the corporation because of the way it is structured. It has a competitive advantage which is said not to exist.

I come now to the most important point of all. The Treasurer, in his second reading speech, said that the legislation requires the corporation to observe all solvency and other requirements imposed on insurers under the

Commonwealth Insurance Act and Life Insurance Act. That is very interesting. The trouble is that clause 33 is rendered inoperative by opening with the following words—

Except as otherwise determined by the Minister the board of directors shall cause the Corporation to—

It continues—

(a) supply to the Minister such annual accounts and statements . . .

and

(b) observe all solvency and minimum valuation basis requirements imposed on insurers carrying on business in the State by Acts of the Commonwealth relating to insurance.

This is a deliberate change to the 1983 position. The 1983 legislation was not subject to ministerial discretion. Of course, the ministerial discretion allows for all of those provisions to be avoided the day the corporation finds it uncomfortable or inconvenient to comply with the Commonwealth legislation. Therefore, to suggest that the provisions avoid any competitive advantage is simply not true and the second reading speech in that respect is grossly misleading. Of course, it is put there as a sop to Parliament and as a sop to the arguments raised in this place in 1983. To try to get this House to accept the legislation, the Government is putting the commission and the corporation in the position where they are competing on equal terms. That position could last for exactly as long as it takes the Minister to sign a piece of paper saying that the corporation does not have to comply. That is how strong it is—in fact, that is how weak it is!

Clause 33 may as well not be included in the legislation when one considers what protection against competitive advantage is given. Of course, the Opposition will be moving to delete the words, "Except as otherwise determined by the Minister", because those words were deliberately slipped in to avoid the fundamental requirement that the corporation operate on the basis of equality with the private sector. That is the key area that has to be dealt with.

The Minister has the power to reduce the reporting and the solvency requirements and to give the State Government Insurance Office the very competitive advantage which the Treasurer has promised will not be given.

There is another interesting omission. Section 7A(9) of the 1983 legislation contained a provision which reads as follows—

The Minister, within 14 sitting days of receiving the accounts and statements that are to be supplied in accordance with subsection (8) shall present such accounts and statements to both Houses of Parliament to the extent and in the form that comparable information is customarily published in the annual reports of the Insurance Commissioner.

That will not appear in the new legislation. The 1983 wording was agreed to at the time by the Government. Hon. Joe Berinson in the upper House specifically agreed with what was included in 1983, yet we now see a change. I have no doubt that that change is deliberate and has been brought about so that the Government can pretend to comply with the Commonwealth laws, but not have a real obligation to comply.

What about some of the other obligations that fall on private sector insurers? Local insurers may be investigated by the Federal commission. They have to comply with those investigations. They may be summoned to Canberra. None of those burdens will fall on this corporation. Can we be assured that the corporation will have to meet the requirements of all regulations that would apply to the private sector? I refer, for example, to the Trade Practices Act, the Freedom of Information Act and the like. Has the Government examined the legislative requirements that an ordinary insurance company has to meet? It certainly seems to us that this Insurance Commission will not have the same regulations imposed on it as are imposed on the private sector. Once again, we see that there is a great variation between the 1983 legislation, and what was agreed and understood in 1983, and what has been brought forward today.

The legislation being brought forward today is said to comply with all those regulations, but in reality it does not. If we examine the share and financial structure of the Insurance Commission, the ministerial involvement in it, and the extent of control, we see once again that a competitive advantage is given to the Insurance Commission. Clause 39 provides for \$40 million in capital to be comprised of 400 000 shares of \$100 each. That capital can be increased by regulation. That means that the Governor, acting on the recommendation of the commission, may increase the authorised capital. The commission can take up 50 per

cent of the shares and further shares issued can be taken up by the Treasurer with the approval of Parliament. There can be no objection to that, if it gets the approval of Parliament. Further shares may also be taken up by the commission or other statutory authorities and may be sold at a premium.

The Government is in the position of being able to direct moneys from any section of Government into the corporation; in other words, it can protect the corporation from the difficulties of a financial situation arising simply by providing funds from other sources. No private insurer is in a position to demand funds in that way or to get that kind of backup. In 1983 when the legislation was debated, the Premier was asked about what would happen if the commission went bung. He said, "Look, it will have to sink or swim." This is not a sink or swim situation. It is a padded, protected situation. By using the powers contained in the legislation the Minister and the Government can cause all sorts of departments and authorities to give their support to this corporation and keep it going. It is not, as has been claimed, an equal situation. There is no question about price being acceptable to the market as in the case of ordinary shareholders in an ordinary financial transaction. It is a specialised, governmental operation and it does not bear the hallmarks of competitive equality, which is the aim of the legislation.

Let us consider another area of the Bill in which we see an incredible variation between what was suggested in the second reading speech and what, in fact, is to happen. Before I deal with that, I overlooked one point. The Premier has said that the corporation will be required to pay all State and local government taxes and charges. I specifically ask the Premier, in his reply to this second reading debate, to deal with the question of whether a specific requirement is imposed on the corporation to pay the fire brigade levies on all its business. Is that the understanding that the Premier has of the requirements of the Bill?

Mr Brian Burke: I will answer the question in the second reading reply.

Mr HASSELL: It is an important question. I have not been able to see anything that clearly and unequivocally covers that obligation to meet the fire brigade levies. That is a very important point because we know that the present operations of the SGIO have enjoyed a favourable status for a long time in a number of areas by not being required to pay the fire insurance

levies. We would certainly want to be satisfied that that requirement would apply in this case.

I refer to the statement contained in the second reading speech which reads—

There is no extension of the SGIO franchise beyond that which was approved by the House in the 1983 State Government Insurance Office Amendment Act.

Technically that statement is true, but in the Connell-Price Waterhouse report there is an appendix containing the opinion of a Queen's Counsel relating to the legislation. That Queen's Counsel was asked the question—

Does the Act empower the SGIO to engage in life assurance business and insurance business of a like or related nature?

The Queen's Counsel replied—

Without amendment to the Act the power to engage in insurance business is limited to the issue of and the undertaking of liability under policies of insurance, whether life or otherwise (life as defined by the Commonwealth Act), but does not authorise the business of matters "related" or "incidental" to that business.

The Bill in fact enables the corporation—and I think also the commission—to engage in any business at all, insurance or otherwise. Thus there might not be an extension of the franchise, but in fact we have on our hands another WADC, another Exim. The corporation will in fact be able to go into anything; any kind of economic activity can be undertaken by this group. Thus we have been led to believe that the legislation is simply a re-enactment of 1983, but when we examine the Bill now before the House we find that it is much wider and that the corporation is authorised to go into all kinds of business.

Section 4 of the 1983 Act contained definitions of "insurance business" and "insurance". Those definitions were clear enough. The 1986 Bill contains a definition of business undertaking which included "any person, corporation, trust, joint venture, government agency or other entity engaging or intending to engage in economic activity."

Clause 7 of the Bill provides "The Commission has power to do, in the State or elsewhere, all things necessary or convenient to be done for or in connection with the performance of its functions." Subclause (2) (f) states that the powers of the commission include the power "to form or establish, or participate in

the formation or establishment of, any business undertaking." I have just read the very wide definition of business undertaking.

The new Bill is not the same as the 1983 Bill at all. I refer to the function and powers of the corporation detailed in clause 30 of the Bill. It states—

(1) The function of the Corporation is to carry on, in the State or elsewhere—

(a) the business of issuing and undertaking liability under policies of insurance; and

(b) any business related or incidental to the business referred to in paragraph (a),

Once again this is very broad legislation and we are giving yet another Government corporation the power to engage in any kind of business activity. Of course, we are opposed to that because we have many Government corporations and bodies involved already in different kinds of business. The fact that it is now not considered sufficient to extend the franchise as agreed in 1983 and that the commission will be able to engage in any kind of business undertaking is far beyond what has been presented to Parliament.

Once again we see a totally inadequate explanation in the second reading speech, a totally inadequate accounting to Parliament, and a totally inadequate explanation of the Government's real intentions. We find from past experience that if any of these matters are allowed to pass, the Government puts its plans into effect without having disclosed what it is doing to the Parliament.

I refer again to the 1983 legislation for the acquisition of Northern Mining Corporation NL. Never in the history of Parliament has legislation been so prostituted as that has been, so dishonestly prostituted as when the Premier and Treasurer came to Parliament and said that the legislation was presented to enable the acquisition of an interest in a particular operation, following which the legislation was twisted and turned around to create a State trading concern. In terms of the Financial Administration and Audit Act, which contains the provisions under which there is said to be accountability to the Parliament, let us point out the facts.

The corporation and commission are required to report to the Minister on financial matters, performance, and operations, and the Auditor General's report is required to be tabled in Parliament. We suggest that the re-

port on operations should also be tabled in Parliament and once again that a provision which applied in 1983 requiring the tabling in Parliament should be carried forward here. That 1983 provision once again was agreed to by the Government and I have previously referred to it. Section 7A(9) contains a requirement for the Minister to table those details in the Parliament within 14 sitting days.

We find that on just about every front the legislation before us is either much more than the Premier has indicated, and that refers to the breadth of its powers and its capacity to invest; or much less than the Premier has indicated, and that refers to its supposed equality with the private insurance industry. There is no equality and there is the capacity for the Insurance Commission and the Insurance Corporation to gain significant and indeed substantial commercial advantage in the marketplace. The legislation is structured in such a way that the Government can do what it likes.

I want to mention one other point and have it on the record. There is no doubt that the long-term policy of this Government is to secure a single workers' compensation operation in this State under the control of the Government. The Government said that it will not do it for the time being. However, there is no doubt about the Labor Party's policy, the moves being made in other States, and the objectives that the Labor Party has in respect of single workers' compensation insurance. I put on the record very clearly for everyone to understand that this legislation provides the mechanism for the Government to have exclusive control of workers' compensation in this State. The private insurance industry should be taking not a double but a treble look at what is going on in that respect. It has been structured very cleverly and carefully but the capacity definitely exists, not to do it by compulsion but by economic pressure, by cross-subsidisation, by shuffling accounts around, and by loss leading of all sorts of other provisions that are contained in the Bill.

In all, the State Government Insurance Commission Bill 1986 is a peculiar piece of legislation, strangely structured and designed in its presentation to deceive. It is designed to avoid the realities of the controls imposed by this Parliament in 1983. What were those controls applied for? Very simply to make sure there would be equality of competition if we were to be saddled with a State Government operation in an area of business which is totally and ad-

equately covered by the private sector. We see that the Government has, very cleverly and without making the disclosures or releasing the reports that should have been released, set out to achieve for itself the very commercial advantage and advantageous position that this Parliament said in 1983 should not be permitted to occur.

The Government has not got away with that. We will attempt, within the limits of the resources available to us—and they are extremely limited—to try to put that right to some extent when it comes to a consideration of the legislation in detail.

I understand we are dealing with the Acts Amendment (Actions for Damages) Bill as well. If I want to address any remarks to that Bill in the second reading I must do it now. This Bill intends to amend the Law Reform (Miscellaneous Provisions) Act 1941 and the Supreme Court Act 1935. Its aim is to reduce the amount of some damages ordered by courts for motor vehicle accidents so that the MVIT—shortly to be the Insurance Commission—will be able to keep the premiums from rising at a fast rate. That, of course, is a commendable aim, provided people are not improperly disadvantaged.

The reduction of damages occurs in three areas. Firstly it is intended to abolish the husband's claim for consortium when, through an accident to his wife, he is deprived of her society and services. To that the Opposition has no objection. Secondly, there is an intention to abolish the right of the courts to award prejudgment interest on damages for pain suffering, but the Bill does not abolish the right to the award of prejudgment interest on other damages. Again the Opposition is not opposed to that. These are appropriate provisions.

The third objective of this Bill is to provide power for the Government to vary the discount rate when calculating a lump-sum commitment. The initial rate is set at six per cent in lieu of the presently prevailing three per cent. This is an important provision and can have very large implications for a person who has been unfortunately injured in an accident and who is entitled to claim damages.

In Western Australia until 1981 the courts discounted at an interest rate of six per cent. This was changed as a result of a decision of the High Court in the case of *Todorovic v Waller* in 1981, where it was held that three per cent should apply throughout Australia. The differ-

ence between a discount rate of six per cent and one of three per cent can be substantial.

Mr Peter Dowding: Excellent counsel was involved.

Mr HASSELL: Who was it?

Mr Peter Dowding: Myself and others.

Mr HASSELL: Oh! Which one was excellent?

The difference can be substantial. In an example given to me, if a working person aged 25 years earning \$200 a week net were totally and permanently incapacitated—unable to work—the present value of his loss, using a rate of three per cent, would be \$244 800. At six per cent it would be \$161 608. So one can see the enormity of the difference, using the two discount rates.

It is clear that the result of the amendment will be to save money for the MVIT, the SGIO, and private insurers, to the detriment of insured people.

Mr Brian Burke: Well, I do not know that that is correct. The aim is to try to ensure fair treatment.

Mr HASSELL: I am not opposing that.

Mr Brian Burke: No, but you have to agree with me we will have to make some tough decisions in the future, otherwise we will have no insurance.

Mr HASSELL: That is a very real problem. I understand that in Victoria some judges have gone over the top with their awards, and that has created an intolerable position.

The Government is changing the discount rate. I think the change in the current situation is probably correct, so we are not objecting to that. What I am worried about is the capacity for that change in future to be made by regulation, because it will allow the Government, at any time it wants to reduce damages, to do so by this backdoor method—by simply changing the discount rate, not in line with prevailing interest rates and the appropriate commercial discount rate but in line with a policy decision to reduce damages. That is the real danger of the provision, and that is the main objection which we have to it.

Mr Brian Burke: What is the alternative? To introduce legislation?

Mr HASSELL: To introduce legislation. The Government should make the change it wants to make now, but if it wants to make any further changes in the future it should introduce legislation.

Mr Brian Burke: Legislation would be the proper way to do it.

Mr HASSELL: The Treasurer has said something that I happen to recognise as a comment relating to a real problem. He has just said that the Government will have to make some tough decisions about the level of damages being paid or awarded by some of the courts.

Mr Brian Burke: I was not talking about discount rates.

Mr HASSELL: I realise the Treasurer was not talking about discount rates. One of the ways to reduce damages substantially, as I have just demonstrated, is to vary the discount rate. It may be that the Government is coming to the House with clean hands, so to speak, and saying, "We want to be able to adjust the discount rate in the future according to the appropriate economic circumstances prevailing."

What I am pointing out is that the effect of adjustment can be abused in future, or misused for an entirely different purpose; and that entirely different purpose is, in effect, to reduce the damages. That would be a complete misuse of the power. I do not think it is a power we should be conferring on the Government when it has that problem. If it wants to deal with the problem of damages it should come to the Parliament with the appropriate legislation. If it is going to deal with this problem through the back door, or if there is a capacity for it to deal with it through the back door, the Parliament should be asked if that is the appropriate way to go about it.

So far as the Acts Amendment (Actions for Damages) Bill is concerned, we have no quarrel with any of the provisions except that which relates to the future variation of the discount rate, which is open to misuse, to put it in a completely neutral way, by the present or future Government for a purpose which I trust is clearly not intended.

With those remarks I indicate our concern about both these pieces of legislation.

MR MacKINNON (Murdoch—Deputy Leader of the Opposition) [3.09 p.m.]: I will make a brief contribution to this debate and some comments on both pieces of legislation in this cognate debate. The first comments concern the major piece of legislation, the State Government Insurance Commission Bill.

The first point I make is, as the Leader of the Opposition has said, that it is a strange piece of legislation, and stranger to the extent that the Treasurer in his second reading speech and during the debate yesterday and today has

given no indication why it has taken so long for this legislation to see the light of day, since we had the initial debate on changes to the State Government Insurance Office in 1983.

It is not that the review has taken as long because the Rothwells report to the Government came out in November 1984. It is now in excess of 18 months since that report was received. I do think the Premier owes an explanation to the Parliament as to why there was a delay until now in bringing this legislation to the Parliament. Why has the Government brought it forward at this time?

Secondly, the task force report is interesting and raises a series of questions which I believe the Premier should be answering at this time. Why was the report not made public? The Premier might, as he indicated yesterday, beg off by saying that it will destroy the competitive position of the State Government Insurance Office. I certainly do not accept that explanation, as the Leader of the Opposition did not yesterday. I fail to see how that is an accurate comment and can in any way be truthful. If that report was presented to the Government in November 1984 and the review that the Premier talked about included more than that report, I would be interested to know to what extent that additional review, over and above the Rothwells report, led to this legislation and more particularly, what industry input was invited as a part of that review. Was the insurance industry of Western Australia consulted as part of that review? Was the insurance industry consulted about this State Government Insurance Commission Bill we are now debating in the Parliament? What were their comments, if they were consulted?

Another question I would like to pose to the Treasurer is one which has been put by the Leader of the Opposition and refers to what is contained in a letter addressed to the Treasurer from Rothwells dated 19 November 1984 and sent by Mr Connell of Rothwells and Mr Webb of Price Waterhouse. The letter had this to say—

An Executive Summary of our recommendations appears in the opening section of the report. Our key findings and recommendations are:

The SGIO should be distinctly identified with competitive, profitable insurance. It should acquire the business of a profitable broadly based insurer.

That letter foreshadows what will happen once this Bill has been passed, assuming it is passed by both Houses of Parliament and gazetted. If that is the case, the Opposition would be interested to hear from the Premier if those plans are to be proceeded with. Is that recommendation to be accepted or not? If it is, will it ensure that activities are to be restricted to Western Australia or will it have national coverage? The letter further states—

The study supports the view that the State would benefit from establishment of a sole workers' compensation insurer.

The Leader of the Opposition briefly commented on that but I would like to know the Government's—not the commission's—reaction to that particular recommendation. Does the Government support the view that there might be a sole workers' compensation insurer? If so, how will it implement such a commitment? Is it to be, as the Leader of the Opposition indicated, via the mechanism of this legislation or is the Government to legislate separately? Is the Premier prepared to give an undertaking to the Parliament that at some time in the future the Government will proceed with the sole workers' compensation insurer proposition? Will the Government bring legislation to the Parliament? That is a question that the Treasurer should be answering. Is the Treasurer prepared to comment on that now? Clearly, no.

Mr Brian Burke: I will answer it in the reply to the second reading speech.

Mr MacKINNON: I would hope so because that is a very important point that the Leader of the Opposition made and revolves around a fundamental principle and issue involving the insurance industry in this State. Not only is the insurance industry entitled to know what the Government's plans are, but the public and Opposition need to know also. I refer to a further comment in the letter which says—

The financial performance of the SGIO and the MVIT is not significantly better or worse than others in the same field.

I think that is a compliment to the SGIO and the MVIT. This letter shows their efficiency of operation. They are to be commended on that. If that is the case, and the financial performance of the SGIO and the MVIT is not significantly better or worse than others in the same field, why then are we debating this legislation if they are as financially sound as this report indicates?

I now refer to comments made by the Leader of the Opposition on the motion presented to the Parliament yesterday when he talked about the commitment made by the Premier in 1983 with respect to the appointment of a committee of this Parliament to monitor the competitiveness with the private sector and the fairness of that competition of the SGIO, commission, or corporation—whatever one likes to call it.

I have grave doubts and concerns that we should be debating this legislation ahead of the Treasurer and the Government giving us any commitment about the motion debated yesterday. The Treasurer comes to the Parliament and expects—

Mr Brian Burke: Ahead of any commitment! Okay, we will not accept yesterday's motion. You were not dinkum!

Mr Hassell: You never had any intention of accepting yesterday's motion.

Mr Brian Burke: I was certainly going to consider it seriously until I heard you last night.

Mr Hassell: You treated the Parliament with contempt. It was a disgraceful performance and then you tell me that I am not dinkum. You are not dinkum about what you say in the record of the Parliament.

Mr MacKINNON: If the Minister for Health or any other Government member in this House doubts what the Treasurer said in 1983, let me quote his words. The Treasurer's commitment clearly and unequivocally given at that time—I refer to page 5109 of *Hansard* on 23 November 1983—was as follows—

I simply restate that it is an unprecedented concession of any Government to permit the formation of a committee such as this on which are represented a majority of Opposition members and which is charged with the responsibility of guarding against a matter which was raised by the Opposition during debate. I feel that the Government has gone forward to the Opposition in its proposition that the SGIO should be guaranteed to be a competitive creature.

We have gone as far as we have because we hope to extend the terms and the conditions of the operation of the SGIO.

That last sentence bears repeating—

We have gone as far as we have because we hope to extend the terms and the conditions of the operation of the SGIO.

Is that not what we are debating at this very moment? If the commitment made by the Premier in November 1983 was a proper one, surely it is more appropriate that the commitment given at that time be honoured today. It was not just the Opposition who believed the Premier's words; it was in fact his own colleagues.

During debate on 9 November 1983, Hon. Robert Hetherington spoke about the amendment that we in this House eventually rejected on the word of the Premier. We believed the Premier's word at that time and hence we agreed to delete an amendment moved in the other place.

In his speech Hon. Robert Hetherington said—

This amendment should not be accepted. It would be a good idea if members of the Opposition accepted the Premier's word because when has a word of a Premier been given to the Parliament in a way like this and the Premier has gone back on his word?

Hon. Robert Hetherington asked when a word given to the Parliament in a way like this—categorical, straightforward, and clear—had been broken by a Premier going back on his word. The big word I have written on this piece of paper is "Now". Right now, today. This afternoon the Premier has clearly gone back on his word.

It is even worse than that. The late Hon. Gordon Atkinson said at that time—

The Attorney's words on this amendment trouble me. I have supported the Government on this Bill, and one of the reasons for that is the clear undertaking given by the Premier.

As some members know, while Hon. Gordon Atkinson only had a brief career in this Parliament he was an honourable man and a man of great character who put his trust in the Premier's words. We can see that, like other members of this Parliament both in Government and in Opposition, he trusted the Premier, who went back on his word.

As the Premier has gone back on his word, that only adds concern to the other points I was about to make in this debate. They concern the competitive neutrality of the proposed corporation. The Premier has waxed long and lyrical about the competitive neutrality of the new commission and corporation. The first sign that he had gone back on his word was his statement this afternoon that he will not agree

to the establishment of an independent committee to monitor the activities of the corporation or the commission. That was a clear commitment given back in 1983, which he is now going back on. If that is the case and the Premier has gone back on his word, why should we believe his other commitments about the competitive neutrality of the corporation?

I will now refer to some of the further concerns I have about the corporation and its competitiveness. Clause 28(3) states—

The Corporation is an agent of the Crown in right of this State and enjoys the status, immunities and privileges of the Crown except as otherwise prescribed.

If I were in business competing with a corporation that had all those rights and privileges, it could hardly be said that we were in a neutrally competitive position.

In addition, the Leader of the Opposition highlighted the concerns of the Opposition about clause 33 of the Bill, which is headed "Corporation to comply with insurance laws". The clause supposedly guarantees that the corporation will be complying with all of the other requirements with which a private competitor will comply. However, as the Leader of the Opposition indicated, the clause starts by saying—

Except as otherwise determined by the Minister...

Why put those words in at all? What is the reason for that? Mr Speaker, I will lay you London to a brick on, although I am not a betting man, that the Premier does not respond to that question when he replies to the second reading debate. He will not give any explanation as to why those words are included, and the only valid explanation is that the Minister is going to give some direction to the corporation that it does not have to comply with certain sections because it is too difficult, too expensive, not worthwhile, or for some other reason. I do not accept that, and neither does the Opposition; and as the Leader of the Opposition indicated, we will be moving an amendment to delete those words to ensure that the corporation does have to comply.

The second point that concerns me is that, regardless of whether or not those words are deleted, how are we, the public, and the insurance companies which are the corporation's competitors, to know whether in fact it does comply? There is nothing in clause 33 which requires tabling of papers in the Parliament or

that the papers be made public, as was required under the existing Act.

I believe we should give very serious consideration to expanding that clause to make provision for the accounts and statements as required under that clause to be tabled in the Parliament, or for there to be some public statement made about the solvency and minimum valuation basis requirements to be lodged.

One would not have to wonder too much why the Opposition would be concerned about clauses 10 and 36; and I remind the House that clauses 10 and 36 relate to directions given to the commission and the corporation, and that we have today seen the Premier go back on his word completely. There is no doubt about the interpretation of those words or what the Premier meant at that time. In fact, he repeated them over and over for the sake of the Opposition, trying to make a brave political point. His commitment was that he would have that standing committee, that he was not afraid of the committee inquiring into the competitive neutrality of the commission or the corporation.

Clause 36 of the Bill reads—

The Commission may give directions to the Corporation with respect to its function, powers and duty, either generally or with respect to a particular matter, and the Corporation shall give effect to those directions.

There is no doubt in my mind or in the minds of other members of the Opposition about that clause. I do not doubt that the clause will be used with respect to both the commission and the corporation to the detriment of the activities and the profitability of the commission and the corporation, and to the detriment of the general community, and in particular the competitors of the commission and the corporation.

Clause 38 of the Bill indicates that the corporation may, by arrangement made between the board of directors and the Ministers concerned—

The SPEAKER: Order! There is another section of the debate which allows the member to go into the intimate details of the clauses. This second reading debate allows members to talk about the generalities of the Bill. I have listened to the member quoting clauses on two or three occasions, and that is not strictly correct. I have left it because I did not want to interfere, but it

should not remain the theme of the member's speech about the Bill.

Mr MacKINNON: Thank you, Mr Speaker, for your direction. What I am trying to indicate by quoting the clauses is that those various clauses—and there are a number of them—destroy the notion of the corporation having any competitive neutrality. It would be difficult for me when debating individual clauses in the Committee stage to expand on that argument. I am sure you would understand that, but I will take your direction and endeavour to make remarks of a general nature.

Clause 38 does refer to the use of other departments, instrumentalities, and officers. Although it indicates that a full and appropriate charge should be made to the corporation, that is certainly a benefit that will not be available to any other corporation in Western Australia; that is, the use of the Public Service or its officers to act on its behalf in any way. Neither will any other private corporation have the benefits bestowed upon it as outlined in clause 39 with respect to capital and the provision of funds and equity capital, in effect, to the corporation.

All those clauses to which I have referred contain special privileges which will apply to the corporation but will not apply to its competitors in the private sector.

That is all the more reason for us to be concerned because this Government, and particularly the Premier, have gone back on the promise given that a joint party committee of this House would be established to monitor the competitive neutrality of that corporation. Does the Premier have something to fear and does the State Government Insurance Office have something to fear? Is that why they have rejected this proposition? What are they hiding behind?

The Opposition is not in the business of trying to interfere with the activities of any Government-owned corporation. Its prime interest lies in ensuring its efficient operation, and to ensure that the corporation does not use the special privileges bestowed upon it. The five or six "privileges" which are outlined in the State Government Insurance Commission Bill advantage this corporation at the expense of others in the community which do not enjoy those benefits and advantages.

Mr Speaker, you will understand my concern and the concern of other members of the Opposition for it seems to us that all of these benefits apply only one way. In other words, this

Government corporation has all the benefits but under this legislation it is not required to open itself up to the same competition faced by other companies. I refer to proposed section 6 which gives the commission what is basically a monopoly of the Government insurance business.

I for one do not think this is a reasonable situation. If we have a corporation and a commission which are supposedly being restructured along competitive commercial lines, why is the Government not opening up the Government insurance business so that it is available for tender and for competition with the private sector? Why is the SGIO not allowed to compete with the private sector for Government business?

I am certain that if one were to ask the SGIO and the people involved, they would see no reason for not doing this—if they have the confidence in their own ability and their own staff to compete in the private sector. I understand the SGIO and those people involved with it must have this confidence, because the Bill is now before the Parliament with their support. On the other hand, why is the SGIO not prepared to compete for Government business on the same terms and conditions as other companies? Why should the SGIO have the exclusive monopoly to insure departments, authorities and instrumentalities of Government?

I put it to the House that this is not the case; therefore, I believe the insurance business of the Government should be open to competitive tender. This would, I believe, ensure that the State Government Insurance Office will have competitive neutrality, that it will be a corporation structured along business lines and that it will truly operate on equal terms in the marketplace with the private sector. It will then not be operating on the basis of having a protected and captive market for its insurance business, from which it can then launch into other competitive fields using the security of a base in a monopoly market.

The Premier, I believe, should address this question in his response, particularly in respect of competitive neutrality—all the more so because he has gone back on that commitment. In the Liberal Party room I, for one, gave qualified support to this legislation because I believed that the Premier's commitment given in 1983 would be honoured and that there would be some ways or means of ensuring the SGIO's competitiveness. I now doubt the wisdom of my previous commitment and, unless the

Premier can convince me otherwise during his response, I will give serious consideration to opposing this legislation at the second reading stage, rather than giving it the support to which I previously committed myself.

My final comment relates to the legislation we are currently debating, which is the Acts Amendment (Actions for Damages) Bill. The Leader of the Opposition briefly mentioned this piece of legislation and the fact that one of its prime purposes is to change the discount rate which applies to damages cases awarded under common law.

I would ask the Premier: If it is the case, and we are making this amendment at this time to this area of common law, is the Government giving serious consideration, or any consideration in fact, to changing that particular rate in the workers' compensation field? As the Premier will be aware, the discount rate for damages applies equally in workers' compensation cases at the current time. The same is true for common law cases. This legislation is now being changed—

Mr Brian Burke: I am not aware of any consideration being given to them.

Mr MacKINNON: Does the Premier think he should be aware, bearing in mind that the increases are being imposed in both cases?

Mr Brian Burke: I don't know.

Mr MacKINNON: I will put a question on the Notice Paper about that matter. I hope I can receive a considered response to that question because if it is the case, as I believe it to be and as the Premier has agreed, these awards for damages in the common law area are getting a little beyond the realm of what could be called "reasonable". I think the same could be said in respect of workers' compensation cases where premiums are becoming equally prohibitive. I think the Government should give serious consideration to ensuring that equality and equity prevail whether it be in common law or in workers' compensation cases.

MR COURT (Nedlands) [3.36 p.m.]: The Bill which is currently before the House is very important and it is one which causes me a certain amount of concern.

The SGIO is a large operation and the changes which are occurring to it at present will make it an even bigger commercial concern, as its franchise will be widened to enable it to move into other activities. The legislation before the House today will allow a very powerful commission and corporation to be established and to become involved in different types of

activities. It will be a vehicle and a tool which, if not controlled properly, could well create problems for the Government, taxpayers and people in the private sector insurance business.

The Premier is only too well aware that my basic economic and political philosophies, and in this case, my instinct, make me suspicious of any operation where the Government is either getting into business in competition with the private sector or becoming more involved in private sector business. The Premier knows only too well my view of, and concerns about, the operations of bodies such as the Western Australian Development Corporation, WA Government Holdings Pty Ltd and the many other authorities which have been given the power to set themselves up in business. I certainly will not discuss this matter for too long, although the Premier saw fit yesterday to give the Opposition a few bursts on why it should get down on its knees and start being good.

Mr Brian Burke: I didn't say, "Get down on your knees".

Mr COURT: The Premier implied that.

Mr Brian Burke: I am trying to say to you that they are normal people who respond to fair treatment. I have already asked to see the Chairman of the WADC today and I have arranged for copies of that debate to be sent to him. I have asked him, in due course, to pass them on to the Leader of the Opposition and make whatever mutually acceptable arrangements can be made.

Mr COURT: Basically the Opposition was told yesterday that if it stopped criticising it might start getting some answers to questions. The Premier implied that the Opposition was making personal attacks on the people who were running those operations. Nothing could be further from the truth. The Premier knows only too well that the Opposition has been asking questions—I asked a classic question last week, which no doubt cost \$161 to be answered, about the companies the WADC had an equity in.

I thought that was a simple question which the public would like to have answered. The Opposition certainly would, yet once again it received an evasive answer. However, we are not debating the WADC.

Mr Brian Burke: You might not believe me, and your leader might say it is political persecution, but when you accused those people of mismanaging State Government funds, they took severe umbrage on a personal basis and I was not even aware of it. They said

their reputations were being severely diminished in a small community of money-market people.

Mr COURT: The Treasurer knows that for two years I have been questioning the operations of the WADC and the way in which hundreds of millions of dollars of the Treasury's cash surpluses have been managed. It is my responsibility to be doing that.

Mr Brian Burke: Don't repeat it, because even repeating it here might cause you greater grief outside. I agree you have been questioning it. It was not the question that was the problem but the allegation that they had mismanaged the funds.

Mr COURT: The Treasurer has transferred the responsibility for handling hundreds of millions of dollars of Treasury funds across to a body that we cannot question. It is my responsibility as a member of the Opposition to do the best I can to find out what is happening. In today's very volatile market, with high interest rates and the value of the Australian dollar dropping, the operations of the WADC should be of concern.

Mr Clarko: You wouldn't know what the value of the dollar was now, as you haven't been outside the Chamber for half an hour.

Mr COURT: I understand that it dropped 1c because the market had heard that the Federal Treasurer had resigned, but that it dropped back again when it found that was not the case. It is a pretty volatile marketplace out there, but this is something we can discuss when we get onto the Western Australian Treasury Corporation Bill, because when we debate that we will be discussing these issues.

This legislation splits into two divisions the Government's present insurance operations; we will have a commission and a corporation established. The way I have put it in my notes is that we have the goodies and the baddies. The goodies will go to the corporation; it will deal with the more profitable life and general insurance areas. Basically it will handle the current operations and with the widened franchise it will be moving into these other fields. The commission will handle the baddies, or the non-competitive forms of insurance—the welfare side. Further, the commission will be responsible for supervising the corporation. When we are in the Committee stage we will see how the Minister is to be able to direct the commission and how, as I understand it, if necessary the commission can be funded from

Consolidated Revenue to help meet its requirements.

Over the years we have seen a tendency in the insurance field to take what I call the welfare and non-competitive forms of insurance, those forms of insurance which can create political advantages, and transfer them into the hands of the Government's operations. This has happened under both Liberal and Labor Governments and it has meant more and more that taxpayers are being asked to accept the liability associated with those forms of insurance. Now that we are starting to face up to some of the problems affecting this country, it might be time to reverse that trend. Perhaps the private sector can start taking back those forms of insurance if an agreement can be reached to start limiting the liability attached to certain forms of insurance.

Mr Brian Burke: One of the problems is that the private sector doesn't mind having them when it can make money out of them—note the MVIT—but then gets rid of them as quickly as it can once it has milked them dry.

Mr COURT: The Treasurer would know from the history of the MVIT that the private insurers were concerned about the extent of their financial liability. The Treasurer would have to agree that it is a problem. I will get onto the subject of the MVITs in other States in a moment, but members might consider the direction some of those bodies have taken.

It is not just a matter of the private sector's saying it will get out of these areas of insurance because it cannot make money from them; demands put on the system mean it cannot perform in those areas. We cannot expect the community to pick up more and more of these burdens.

Mr Brian Burke: I don't think that is true with industrial diseases; it is just not willing to take the risks.

Mr COURT: I would have to agree that industrial diseases represent a major problem. As I said, it is very difficult for the private sector when it does not know the long-term liability. A good example is the asbestosis sufferers who formerly worked at Wittenoom. The disease is now showing up in these people 20 years after the mining ceased. But in other areas solutions can be found to reverse the trend and to get the private sector involved again in these other forms of insurance. Not a lot of people are involved with these asbestosis claims but I know that some of them are having difficulty

getting the compensation which I think is due to them.

We want an assurance that the insurance activities of these two bodies will be competitive and will operate without unfair advantage. When the previous amendments were being debated the Treasurer promised that a committee would be set up. The Deputy Leader of the Opposition expressed his concern about what the Treasurer is now saying, because the Treasurer is saying that he will not go ahead with that proposal. On 23 June the Treasurer issued a Press release announcing the introduction of this legislation into Parliament. I quote as follows—

It was essential that the provisions should not be watered down by the Legislative Council.

These included requirements that the commission should:—

Be administered at arm's length from the Government by a board of commissioners.

Comply with the Financial Administration and Audit Act, which meant being subject to the Auditor-General's scrutiny and Parliament's public accounts committee.

Observe all solvency and other requirements imposed on private insurers under Commonwealth legislation.

Pay the equivalent of Commonwealth taxes and charges to the State Government.

However, we see in one clause a provision which gives the Minister power to say that the corporation does not have to comply with, for example, the solvency requirements.

Mr Brian Burke: I will answer that in my reply and I hope the Deputy Leader of the Opposition is here then, because this affects the State's sovereignty in its relationship with the Commonwealth.

Mr COURT: What does it have to do with the Legislative Council? Why would the Legislative Council want to water down the solvency requirements? It is the Treasurer who introduced the legislation which allows him to water down the solvency requirements. The Press release was just another little trick. I will be interested to hear the Treasurer's comments because he has spoken about this matter previously and his comments have been recorded in *Hansard*. The Treasurer said that a com-

mittee could be established to monitor the competitive nature of the SGIO's continuing operations and activities so as to ensure the SGIO did not receive any improper or unfair advantage or preference over its competitors in the insurance industry. Today the Treasurer is saying that he will not go ahead with that proposal to establish a committee.

I was concerned to see in the *Daily News* tonight a one-inch article indicating that the Treasurer would no longer meet that commitment. What is the Treasurer's word worth?

Mr Brian Burke: You know as well as I do that incorporated in this legislation are stringencies that were not in that previous legislation.

Mr Hassell: There are fewer stringencies.

Mr Brian Burke: Rubbish! If you are prepared to say that I can take out all of those things guaranteeing competitive neutrality, I will think again about the committee.

Mr COURT: We have made it clear—

Mr Hassell: You proclaimed the Bill yesterday.

Mr Brian Burke: Yes, but we are putting a whole set of guidelines into this legislation.

Mr Hassell: That does not apply. The legislation in respect of which you promised that committee is now operating without a committee in breach of the word you gave.

Mr Brian Burke: You chose not to understand the stringencies involved in this new legislation.

Mr Hassell: We are not talking about the new legislation; the 1983 legislation is now in operation.

Mr Brian Burke: Would you say then that as soon as the new legislation is passed there is no need for the committee?

Mr Hassell: I would not say there is no need for the committee, but the committee relates to the 1983 legislation.

Mr Brian Burke: So does this legislation.

Mr COURT: When we go through this legislation in committee we really might need the committee that was and now is not.

I would like to make a couple of comments about the operations of the Motor Vehicle Insurance Trust which are to be brought into this new body. There is general consensus in Western Australia that our local MVIT is a well-run, tight ship, and that is good to hear. There is some concern about parts of the SGIO's oper-

ations which might not be running as smoothly. In particular, there are problems in the workers' compensation field. That is a difficult field, as we discussed previously, and one that requires a certain amount of expertise. It certainly is costing our society more and more every day.

The MVITs in New South Wales and Victoria have not been operating as smoothly as our own operations; they have had quite severe problems. I understand the problems are numerous due to the fact that some of the judgments have awarded large payments and there is the possibility of some fraudulent activities which have escaped unnoticed. Governments have tended to go from funded to unfunded schemes. That may look good in the short term because one cut premiums, but it can be disastrous in the longer term.

Our MVIT last year was able to cut its deficit by \$7 million. That is good to hear.

Mr Brian Burke: With no increase in premiums.

Mr COURT: If the Premier would not mind answering later he can explain what the reason was for that. I am told that higher interest rates helped on its investment portfolio, but he may be able to indicate what the returns were last year.

Mr Brian Burke: The anticipated claims or the contingent liability was not as great.

Mr COURT: The claims for 1985-86 went down, did they?

Mr Brian Burke: In this State the judgments have not gone to the levels of those in other States, so the liability or the deficit depends on the contingent liability for outstanding claims.

Mr COURT: So they budget for anticipated claims in a year, and in this year they were not as high?

Mr Brian Burke: They budget for anticipated damages or claims being settled for years in advance; current claims may not be settled for eight or 10 years.

Mr COURT: What was the comparison between the cost of settling the claims last year and those of the year before?

Mr Brian Burke: I do not know.

Mr COURT: I would be interested to know, and I might put a question on the Notice Paper to see by how much the claims have been increasing.

The MVIT is highly regarded. It had private sector beginnings, but the private sector ran into the problems I have mentioned; the extent of the longer-term liabilities was not known, and those companies became concerned about what they would be up for in the future. I hope this body which is performing well is not lumped in with the rest of the Government's insurance operations and loses some of the pride it has in being a tight-run ship. I certainly hope it is not put in so that its reserves can be channelled into the new melting pot. Perhaps the reserves will help the Government compete against other private insurance companies operating in other areas of insurance. I ask the Premier whether the inquiry carried out a year or so ago by Mr Justice Sangster of South Australia, has made its findings public.

Mr Brian Burke: Not to my knowledge.

Mr COURT: It looked into the operations of the MVIT in Western Australia.

Mr Brian Burke: I am not aware of it.

Mr COURT: If it is possible to get a copy of that report I would appreciate it because that was an outside person looking into the operations of the body in this State.

Turning to workers' compensation, we see in the report that was put together by the Rothwells-Price Waterhouse people, the comment that the Government should put together a single insurer and it should come under the operations of the commission. The Premier said in answer to questions last year that the Government would not be going ahead with the proposal for a single insurer. I would appreciate it if the Premier could outline the Government's proposals in the workers' compensation field.

Mr Burke: We do not have any proposals.

Mr COURT: The Government is not going to go ahead with the single insurer concept?

Mr Brian Burke: I have said that publicly eight or 10 times.

Mr COURT: The Treasurer's report did not come out publicly.

Mr Brian Burke: It has been in the Press.

Mr COURT: How recently?

Mr Brian Burke: I suppose four times in the last 12 months.

Mr COURT: It was reported in the Press that we were going to have a committee looking after the SGIO.

Mr Brian Burke: Now you have changed your ground.

Mr COURT: I am not changing ground.

Mr Brian Burke: My position is there has been added to this legislation much greater safeguards than a committee. What would the committee do? This legislation now includes a whole range of safeguards which the committee could never have hoped to put in.

Mr COURT: We have to disagree with the Treasurer there, and we will bring that up when we discuss the details in the Committee stage.

The other matter in the Rothwells-Price Waterhouse report was the suggestion that a Western Australian business, a profitable broadly-based insurance company, should be identified and acquired to be incorporated into the Government's insurance operations. I am interested to know if that is the intention, and if it is, what sort of insurance company does it believe it can get?

Mr Brian Burke: It is not the Government's intention; it is up to the commission. We are not instructing the commission to do this or that.

Mr COURT: The Government can instruct the commission.

Mr Brian Burke: I am saying I will not instruct the commission to buy any business.

Mr COURT: The legislation before us says that the commission can go and buy a local Western Australian insurance company. That would immediately enable it to extend its portfolio and improve its cash flow. This goes back to my initial comments. I am concerned about Government bodies which move into the private sector; they have tremendous funds available to them and the might of Government behind them. If they want to buy local insurance companies they can. That is why I objected to the fact that a Government body became a partner in the IBJ Australia Limited Bank. Why did not some local finance companies get involved so they could get into the banking field? Here we have a situation where it is recommended that a Government body should buy a Western Australian insurance company. That concerns me because we are seeing a trend for Government operations to get bigger and for the private sector to have to face up to that competition.

My initial concerns are highlighted by the fact that in that report to the Government such a move was actually recommended. I will be interested to know whether the commission will take that route and what sort of company it is looking at.

In summary, I believe it is important to note not what the corporation and the commission will do, but what they have the potential to do, whether they will do it themselves or whether they will be directed by the Minister to do it. Both the commission and the corporation enjoy the privileges of the State, so neither are competitive with the private sector.

The functions and powers of both entities are very wide. They can participate in a wide range of business ventures. In fact, I believe they are wider than the powers given to WA Government Holdings Ltd, another Government body that has very wide powers. Both the commission and the corporation are subject to the direction of the Minister. We will debate that in Committee when we are debating clauses 10 and 36.

There is wide potential for transferring money within the commission and one fund can effectively subsidise another. The Government can keep down premiums at the expense of others. There is no real check on the investments by either entities. Both entities can be very political by the way their boards are appointed. The corporation may expand by acquisition of existing insurance companies and it will have a large fund available to it to do that. I am concerned about that. I would like to see the reverse—the private sector taking over the operations of a Government sector.

It will not be subject to the laws of the insurance industry and the solvency arrangements that we were so concerned about when we last debated this legislation. That means that the corporation can build up business by taking greater risks and offering lower premiums. There will be no way to assess the other things that are taking place within the corporation and the commission. We are concerned about just how much we can question the operations of the two entities. We know of the difficulties we have in questioning the operations of WADC and Exim Corporation Ltd. The Treasurer has already said that he will not proceed with a proposal to have a committee of this Parliament to keep an eye on their operations.

The capital of the corporation can be invested at any time. The Treasurer may direct any statutory authority or the Treasury to subscribe to shares at any premium determined by the corporation. We will debate that further in the Committee stage. It will be difficult to tell who will hold shares in the corporation.

Those are some of our concerns about this legislation. I will make further comments during the Committee stage of the Bill.

MR CRANE (Moore) [4.04 p.m.]: I am very concerned about this legislation. I believe that I have very good reason for saying that. I feel that I have been let down. Three years ago when we were considering amendments to the State Government Insurance Office Act, I could see what I felt were merits in some of those amendments. As someone who subscribes to the free enterprise philosophy, I could not understand the concerns of the Opposition of the day when we were given an assurance that the State Government Insurance Office would compete fairly with all other insurance companies. The Treasurer gave that assurance and, like a bloody idiot, I believed him. I crossed the floor of the House to vote with the Government. That is not something that people do every day. Most members never do it at all. There is a little riddle which asks, "Why did the chicken cross the road?" The answer is, "To get to the other side." I assure members that I am no chicken and I did not merely wish to get to the other side. I crossed the floor because I sincerely believed the legislation before the Parliament was worthy of my support. I was given an assurance by the Treasurer that the State Government Insurance Office would not have an unfair advantage.

A lot of people say that I am a very trusting old fellow. I subscribe to the philosophy that a man is honest until proven dishonest, or innocent until proven guilty. Having subscribed to that philosophy, I find that I have been seriously let down in this place and I suppose the Treasurer, having forsaken the trust I placed in him, wants me to support him again. I am having trouble with my conscience and am finding it very difficult.

In the second reading speech the Treasurer said—

The Bill consolidates the insurance activities of the Government sector through the amalgamation of the State Government Insurance Office and the Motor Vehicle Insurance Trust to form a new body to be called the State Government Insurance Commission.

Previous speakers have questioned what investigatory powers we will have into the commission and what assurances we will be given that no part of it will have an unfair advantage. We must not allow any insurance company to have an unfair advantage over other

companies, at the same time recognising that the State Government Insurance Office was set up in the first place because the free enterprise insurance companies were not accepting their responsibilities in all areas. They were not prepared to take the risks which were deemed by them to be large risks. Quite legitimately, therefore, the State Government Insurance Office was set up, and I supported that.

However, I do not support its having an unfair advantage. When I was given an assurance that it would not have an advantage, I was prepared to support the legislation. I trusted the Treasurer but he let me down. It is not the first time in my life that I have been let down. However, I have never been let down twice by the same person and I do not intend to be again.

I am exceedingly disappointed because when Governments introduce legislation into this House, I believe we should consider it on its merits. I do not consider legislation from the point of view that, because the Government introduced it, I, as a member of the Opposition, must oppose it. I have never adopted that attitude in this place and I do not intend to. Through my actions from time to time I have brought on my own shoulders the wrath of my colleagues. That does not worry me very much. I believe, at the same time, that they have respected my reasons for my taking the actions I have taken. However, when we consider this legislation, it makes us wonder how trusting we can be that the bodies proposed in the legislation will not be given an unfair advantage.

How would any member in this House like to get into the ring and go a few rounds with a fighter of many years ago, Joe Louis. Many members would not remember him and perhaps Mohammed Ali is better known to us all, but how would members like to fight against him with one hand tied behind their back? They would not like it because it would be unfair—certainly unfair based on my judgment of fairness.

We are asking for an assurance that the State Government Insurance Office, which many members support and which I will continue to support, will not be allowed to have the opportunity to fight somebody who had one arm tied behind his back.

I was disappointed when I read the very small article in today's *Daily News*. I know the members of the Press gallery would have written the article well, but probably the subeditor

put his blue pencil through it and, as a result, a very small article appeared in the Press. The article referred to the Premier of the State, who claims to be well-respected in the various polls which are undertaken, and it stated that he has misled this Parliament. It is a serious Parliamentary crime to mislead the House, but he did mislead it. He made a promise and the headlines in the *Daily News* reads, "Premier 'reneged' ". That is good if in fact, he did, but did he? The word renege means to go back on something one intended to do. If the Premier never intended to do a certain thing in the first place, he never reneged. I am suspicious that the Premier has pulled the wool over members' eyes—he never intended to do it in the first place. However, he was certainly effective in his attempts to pull the wool over members' eyes.

I refer members to page 3248 of *Hansard* dated 18 October 1983 which reads as follows—

MR BRIAN BURKE (Balga—Premier) [4.50 p.m.]: The Government at every turn has tried to accommodate the Opposition in respect of this legislation.

That is good, and that is what we want. He continued—

Every point raised by the Opposition, going to an unfair competitive advantage that may accrue to the State Government Insurance Office, has been catered for by the Government. Not one point has been raised by the Opposition in this place to demonstrate that the legislation will give the SGIO an unfair competitive advantage.

That is all good stuff. The Opposition evidently was unable to raise any points. He went on—

I am prepared to go as far as to say that if the legislation passes the Parliament, we will appoint a committee consisting of the Leader of the Opposition, or his deputy or representative; the Leader of the National Country party, or his deputy or representative; and the Premier or his deputy or representative. That committee will be charged with the responsibility of supervising the competitive nature of the SGIO's operations.

He could be no more fair than that. It is very fair and it is honourable. After all, the Premier is an honourable man.

Mr Rushton: Are you thinking of Pygmalion?

Mr CRANE: No, it was Brutus who was honourable—"And as he pluck'd his cursed steel away, mark how the blood of Caesar follow'd it", and he plucked his cursed steel away.

However, when I accepted what the Treasurer said in 1983, I crossed the floor of the House and my colleagues in another place did not. Because they felt the Treasurer may have been bluffing or may not have been dinkum, they elected to insert the provision 7C. I am not allowed to call it the Legislative Council, but this is what happened in another place—

A Committee of Parliament, comprising one member nominated by the Premier, one member nominated by the Leader of the Opposition and one member nominated by the Leader of the National Country Party, shall be set up . . .

Exactly the Treasurer's words. The members in the other place did not trust the Treasurer and decided to insert this clause. The legislation came back to this House for approval after it had been amended in the other place and on 23 November the Treasurer, when opposing that clause said—

As discussed with the Leader of the Opposition, it is not the Government's intention to resile from its undertaking, but no undertaking was given that a committee would be established and incorporated in the Bill.

That is okay. He continued—

The advice we have, although the Opposition may not be aware of it or agree with it, is that the incorporation in the Bill of such a committee as structured would make it far less authoritative than it would be were the committee to be a standing committee of the Parliament.

The Treasurer went on giving assurances in order that we could have a Standing Committee of Parliament. Further on he said—

Just so that members know what is involved . . .

Members on this side of the House are fairly intelligent except the member for Moore—he was absolutely dumb; he must have been be-

cause he was sucked in. The Treasurer went on to say—

I would be proposing that we advance from this Chamber, as part of our reasons for not accepting the amendment, the following proposition—

Then further on he said—

That the Legislative Assembly advises that a motion will be moved by the Hon. the Premier for a standing committee of Parliament, comprising . . .

I will not repeat the names on that list because repetition does become tedious in this place. The matter was resolved, the resolutions were reported, and the report adopted. Again I refer to *Hansard* and it must be accurate because it is a record of what is said in this place. It states—

A committee consisting of Mr O'Connor (Leader of the Opposition), Mr Bertram, and Mr Brian Burke (Premier) drew up the following reasons . . .

The reasons were set out, and we were given an assurance that the Standing Committee would be established. I do not think I should read the reasons again because they are long and tedious, but the following did appear in *Hansard*—

MR BRIAN BURKE (Balga—Premier) [4.04 p.m.]: I move—

That the reasons be adopted.

We accepted the reasons. I do not know whether members on this side of the House are the Opposition or whether they are a bunch of galahs, but they accepted those reasons.

Mr Rushton: Do you think that at this late hour he may honour his word?

Mr CRANE: The Treasurer has one more chance to show that he is an honourable man and if he is not prepared to do that, we can only form the obvious conclusion. Members can understand my concern. Putting it bluntly, I have been done like a dinner in this place. I did trust the Government. I have been around a little longer than some people and I hope that I will be for a while to come, but one of the saddest things in life is to find that one's trust has been misplaced. We can put up with all sorts of things in life, but when we trust someone and we are prepared to put our position in Parliament on the line it is very sad. What would happen if any Government members crossed the floor of this House? I will tell members what would happen—they would not be endorsed at the next election, they would be expelled from the party, and that would be the

finish of them. That is the difference between a free enterprise Government and a socialist Government.

On one side of the House we have people who are free to think and speak as they wish, and who do so, and on the other we have people whom we could describe as nothing but puppets on a string. If I pull one string, my right leg will come up; if I pull another, my left leg will come up. I can also pull different strings for each of my arms. Which string will be pulled next? The Premier pulled one string—he pulled the string that was tied to my leg, and I believed him. However, when one considers the polls that are recorded in the papers, he must have the votes of the people around here; he must be considered an honourable man. All I can say to the people of Western Australia is, "God help us if we ever have to deal with a dishonourable person!" How would we end up then?

As I said, the Premier "pluck'd his cursed steel away" and we have been left bleeding, me in particular. Therefore—I am sure you, Mr Speaker would agree with me—I hate to have to say this, but I mean it from the bottom of my heart: I cannot continue to support the Government's position on this legislation, although I did support part of it three years ago.

MRS HENDERSON (Gosnells) [4.22 p.m.]: In this second reading debate, I would like to address a few brief remarks to the amendments proposed to the Law Reform (Miscellaneous Provisions) Act. I want to comment about a very small amendment which is a very significant demonstration of the progressive and enlightened view of our Government towards the role of women in society. It is particularly enlightened in that it demonstrates quite clearly that the Government is prepared not only to take up major issues, but also to remove anomalies from the very old Statutes that are out of kilter with modern attitudes and views about the role of women in society.

The concept of consortium as a basis for a claim for damages has been well established in British, American, and Australian law for more than 100 years. It is generally taken to relate to a claim by a husband for damages when his wife is injured enabling him to claim for the loss of her service, assistance, and companionship. Often the measure of the damages that is awarded is the measure of her capacity to continue to provide the husband with comfort and support. It is often referred to as a loss of her society. This is an outdated concept because it relates only to damages claimable by a

husband for the loss of the companionship of his wife. It has never been possible for a woman to claim similar damages for the loss of the company of her husband.

I refer to what was a fairly significant case involving loss of consortium, because it established very clearly what the concept was all about and why it is inappropriate to consider keeping it today. In the 1950s a couple were involved in a car accident in East Perth. The woman was very severely injured and had to have considerable medical treatment and surgery. She was confined to bed for some 37 weeks. As a result of that accident, a damages claim was made and the husband was awarded a sum of £568. That £568 was for the medical expenses involved for her treatment, but it also covered an amount for a housekeeper who had to be employed for 37 weeks to do the work that the wife normally did.

I mention this because it demonstrates very clearly that the concept of consortium does not in any way downgrade the value of the work that a woman does in the home. If she is involved in an accident, and as a result of that accident cannot carry out that work, the capacity for her to claim damages to cover someone else to come in and do that work is not affected by the proposal before us today. In that case the wife was awarded £3 500 for her injuries, which were very severe; the husband was awarded £568, as I mentioned, but in addition to that he was awarded a further £1 000 for loss of consortium. It was that £1 000 which was disputed and an appeal was taken against that award to the High Court of Australia.

In dismissing the appeal, the judge made some comments which were indicative of what consortium was taken to mean. He commented that the proprietary right of the husband included servitium and that this particular case of consortium involved some consolation to the husband for the loss of servitium. He said that in future times the husband would lose service, assistance, and comfort from his wife. In arriving at the amount of £1 000 he said that the sorts of things he had taken into account were distress of mind of the husband, diminished happiness, lessened enjoyment of home life, and of conjugal society. He said that if he did not award the husband the claim for loss of consortium, he would be giving the husband nothing more than an amount for the interest he would have in the conduct of household duties by his wife and would be neglecting the comfort and companionship that she provided.

In bringing down his decision, the judge referred to an early American judgment which commented on the concept of consortium. The early American judge said—

The husband also, of course, has a legal right to the society of the wife, involving all the amenities and conjugal incidents of the relation. This right of society may be invaded by an act which while leaving to the husband the presence of the wife, yet incapacitates her for the marital companionship and fellowship and such incapacity may be deprivation of her society differing in degree only from total deprivation by her death. For such impairment of the wife's society of his right of consortium, such deprivation of the aid and comfort which the wife's society, as a thing different from mere services, is supposed to involve, he is entitled to recover.

I think the appeal case set out very clearly what the concept of consortium involved and made it fairly clear why that concept is considered to be outdated and more than a little offensive. It came down to the situation that an invasion of the husband's rights could give him a claim to bring a case for loss of consortium.

This is a very small, but significant, indication of the Government's genuine approach to the area of equal opportunity for women. I commend the Government for amending this old Statute.

MR BRIAN BURKE (Balga—Treasurer) [4.27 p.m.]: I will be as brief as I can, but I should at the outset ask one of the attendants to deliver this package to the Deputy Leader of the Opposition.

Mr Rushton: It is not a bomb is it?

Mr BRIAN BURKE: No, it is not a bomb.

Mr MacKinnon: It's a brick!

Mr BRIAN BURKE: That is the Deputy Leader of the Opposition's brick. I will be looking forward to London because he is the one who waged London to a brick, so I would like to make arrangements to take possession of London because I am now going to answer first up the query he raised.

Mr MacKinnon: It's a Midland brick!

Mr Bryce: What other bricks are there in Western Australia?

Mr BRIAN BURKE: I thought a Midland brick would find more favour with the Deputy Leader of the Opposition, but I would remind him in any case that even those bricks that do not have "Midland" on them are apparently

made by Midland, or at least by people with whom it has close connections.

That part of the Bill which has excited so much interest and which refers to the powers of the Minister to accept some of the compliance with the national legislation is put in for a very simple reason; that is, our legal advice is that, if we do not include those words we may well have to pay income tax to the national Government. While we are not attempting to avoid the solvency provisions in the legislation—I will refer to those again in a moment—we do not want to pay Federal income tax. I am amazed that the Opposition would want us to pay income tax to the national Government.

Mr Hassell: Who suggested the Opposition did?

Mr BRIAN BURKE: The Opposition did, in wanting us to remove those words.

Mr Hassell: Who hinted at such a proposition?

Mr BRIAN BURKE: Whether members of the Opposition hinted at it or not, that would be the result of its ignorant exhortation.

Mr Hassell: No, the result is from the bad drafting of your Bill.

Mr BRIAN BURKE: If the Opposition had its way, the result would be that we may well have to pay national income tax. That is why those words are included. The result of the advice we have received is that if we do not include those words we may be liable to pay income tax, and we do not believe we should.

Mr Hassell: The drafting is absolutely up the pole.

Mr BRIAN BURKE: I have confidence in the drafting generally, but the Leader of the Opposition may be right. I suspect he is wrong.

Mr Hassell: You would not change it if I was right because you do not pay attention to anyone anyway.

Mr BRIAN BURKE: I quite like the Leader of the Opposition; I do not dislike him at all. He gets very piquey and I have pointed out the reason why the words are included.

Mr Hassell: I do not know how you reach that conclusion in proposed section 33.

Mr BRIAN BURKE: I do not mind but I am trying to answer the queries as quickly as I can and not miss any out.

In respect of the solvency provisions, I have a letter from Price Waterhouse which sets out in its conclusion the view that the State Government Insurance Office is presently

enjoying a solvency margin of in excess of 30 per cent. The opinion is qualified to the degree that it refers to the examination necessarily being restricted to ensuring the amounts disclosed in the attached schedule were correctly extracted and compiled from the office books and records and, of course, the fact that no audit confirmation work has been carried out. The reason for that is that it is carried out at 30 June and the date of the last actuarial survey was 30 June 1985. While Price Waterhouse understands that during the year the SGIO has increased its provision by \$20 million to \$144 million, at 30 June 1986 they were unable to comment if this is adequate simply because they did not have the actuarial survey to 30 June 1986, which, when it is completed, will be the last. That is the solvency provision referred to and answered.

The SGIO presently enjoys a solvency margin in excess of 30 per cent and it is difficult to say to the Leader of the Opposition, apart from producing that information, that there is any other evidence I can offer to satisfy his demands. That is the situation.

In respect of the committee to which members have referred—

Mr Hassell: Why not produce some accounts to establish that. The industry does not believe it.

Mr BRIAN BURKE: I will tell the Leader of the Opposition what the industry has to say in a moment. It is completely different from what he had to say.

The Opposition would like the SGIO to wither and die on the vine. That is the purpose of the Opposition's attitude to that office in this legislation. In fact, this legislation imposes on the SGIO greater competitive and commercial restrictions than are imposed on any other similar organisation operating in Western Australia presently. I was foolish enough to take the Opposition at face value and to accord it the integrity it would claim in trying to satisfy its efforts to ensure the competitive neutrality of the SGIO. I have included in the legislation we are now considering all of the structures, and I have accommodated all of the demands the Opposition made during 1983 that would have ensured the competitive neutrality of the SGIO. In doing that, I have provided greater assurance and stronger guarantee to the Parliament and to the public that the SGIO will not enjoy any competitive advantage than any committee would ever have been able to guarantee.

Having done that, I think it is perfectly proper for the Government to say that in the chain of circumstances the committee which applied when this legislation was not current is not something which the Government should proceed to establish. Even more than that, I think that with the attitude expressed by the Opposition, which is an attitude of complete antagonism to the SGIO, there is all the more reason to think that that committee would be abused and misused by the Opposition.

Several members interjected.

The SPEAKER: Order!

Mr BRIAN BURKE: I am trying to refrain from answering the interjections from the member for Gascoyne because I share the view that most people have of him.

Mr Laurance: The more you criticise me, the better I like it.

Mr BRIAN BURKE: Even the member for Gascoyne cannot be very comfortable with the attitude that is displayed to him, not only by the Government, but by members opposite too.

Several members interjected.

The SPEAKER: Order!

Mr BRIAN BURKE: We have had conveyed to us the views of the Opposition about the member for Gascoyne, and I would not be very happy if I were he to know that that attitude as expressed not just by the Government but by the Opposition involves a very poor view of the member for Gascoyne.

Several members interjected.

The SPEAKER: Order!

Mr Laurance: In the last three weeks you have spent more time worrying about me than running the State.

The SPEAKER: Order! I suppose people who have listened to this debate could be forgiven for thinking that the member for Gascoyne has deliberately ignored my request for order. I do not want to shout to get the attention of members and I do not think I should have to shout. When I call "Order" members should come to order because if I am forced to shout, it will mean I am angry, and in that frame of mind I shall take action that I do not want to take.

Point of Order

Mr LAURANCE: I was merely returning the compliments that the Premier was paying me. If the Premier will give his attention to the Bill and not to me we will find it easier to make progress.

The SPEAKER: Order! I do not think the member for Gascoyne should have taken the liberty he just took to make a point. If the member has a point of order in future he should rise to his feet, ask for my attention, and I will allow him to raise it. I advise the member not to take that liberty in future.

I asked for the member's courtesy and cooperation and he immediately flouted the rules of this place to make a point. I ask him now not to do it again.

Debate Resumed

Mr BRIAN BURKE: I try to refrain from antagonising the member for Gascoyne because we know of, and most members on both sides of Parliament acknowledge, his particular problems. We know that the member for Gascoyne is terribly troubled in trying in a balanced sense to address what he perceives to be the problems of the day.

Mr Laurance: I do not know if it is your illness but you should stop worrying about me—

Mr BRIAN BURKE: If the member for Gascoyne wants to interject continuously I am perfectly happy to try to accommodate him.

I respectfully remind the member for Gascoyne that not many people accord much substance to his opinions or to the veracity of what he expresses from time to time.

Let me move on to talk about the advice received from Mr Reg Trigg of the Insurance Council of Australia Ltd.

Mr Laurance: Are you going to give me a rest?

Mr BRIAN BURKE: I am not wanting to give the member for Gascoyne a rest or any exercise. He is well known for being able to interject and interject, but not being able to take it. I am quite happy to highlight that again if the member for Gascoyne wants me to.

In turning to this advice, it is interesting to note that Mr Trigg, taking into account all those things which the Opposition has had to say, has this to say in his letter to me. In the first paragraph he says there should not be any more competition in the insurance industry in this State. He goes on to say that the Bill, however, leaves few areas for our concern so far as competitive neutrality is concerned. The lead up time since 1983 appears to have been well used by the Government.

So Mr Reg Trigg of the Insurance Council of Australia Ltd says that the council has very few areas of concern so far as competitive neutrality is concerned. We accept that advice from him. We note in the paper which he circulates with that advice that in a number of areas he believes there should be some further change to the legislation, and we note too that he says the committee referred to by Opposition members should exist for some period of time. He does not appear to attach the same sort of vehement weight to that committee as do members of the Opposition.

In any case, I can only say that Mr Trigg provides the support which the Government thinks is appropriate for our view that the concern over the competitive neutrality aspects has been minimised. On that basis I think the Opposition should really look at its own arguments rather than fly so quickly to the criticism of the Government.

Let me simply repeat, in addressing that question of the committee and its reflection through to competitive neutrality in this legislation are contained greater strictures to be imposed on the insurance activities of the Government than could ever have been imposed by any committee. Those insurance activities will be restricted by this legislation to a greater degree than the insurance activities of any private sector insurance corporation are restricted presently.

For example, the SGIO, or as it will become, the commission and the corporation, will be subject to the Financial Administration and Audit Act, something which no private insurer is subject to. It will also come under scrutiny of the Public Accounts Committee, a Standing Committee of the Parliament. This is something no other private insurer is subject to. So the truth emerges that what the Opposition wants is to restrict—

Mr Laurance: What you said you were going to do.

Several members interjected.

Mr BRIAN BURKE: Madam Acting Speaker—

The ACTING SPEAKER (Mrs Henderson): Order!

Mr BRIAN BURKE: Once again the member for Gascoyne, to whose views no-one attaches any weight, wants to continue with the same sort of interjections. Far be it from me once again respectfully to remind the member for Gascoyne that no-one believes him when he

expresses a point of view, because in the same way as the Privilege Committee—

Mr Laurance interjected.

Mr BRIAN BURKE: He is expressing a point of view which no-one—

Mr Laurance: No-one believes you.

Mr BRIAN BURKE: In the same way—

Several members interjected.

The ACTING SPEAKER: Order!

Mr BRIAN BURKE: In the same way the Privilege Committee has been looking at things that the member for Gascoyne said about the Chief Electoral Officer or about Crown Law.

Mr Laurance: We do not want excuses.

Mr BRIAN BURKE: I am afraid the Privilege Committee will not be able to find any substance at all because there is none. The member for Gascoyne says it repeatedly. It has nothing to do with the Bill, but everything to do with the way in which the member for Gascoyne comports himself.

Several members interjected.

Mr BRIAN BURKE: The member for Gascoyne and his mates are good at dishing it out but they cannot take it. The member for Gascoyne made all sorts of allegations.

Point of Order

Mr MacKINNON: The Treasurer expressed the hope this afternoon to us via the Leader of the House that he wanted this legislation through the Parliament today. If we want to proceed with the debate, the Treasurer should confine his remarks to the Bill and not to some extraneous matter which has nothing to do with the legislation before us.

The ACTING SPEAKER (Mrs Henderson): There has been considerable drift on both sides of the House from the Bill, and I ask members to confine themselves to the matter before us.

Debate Resumed

Mr BRIAN BURKE: I was concluding by saying those allegations about the Tourism Commission were made by the member for Gascoyne, and when he was challenged to produce evidence he wrote to his colleagues on the Standing Committee on Government Agencies and said, "Will you investigate this for me", and they said "No we won't".

Point of Order

Mr RUSHTON: I suggest the Treasurer is totally disregarding your comments and I ask that you bring him to order.

The ACTING SPEAKER: I remind members on both sides of the House that the hour is late, we have been considering this Bill for some considerable time, and I ask members to confine themselves to the Bill.

Debate Resumed

Mr BRIAN BURKE: Even the Standing Committee on Government Agencies comprising his colleagues refused to investigate the allegations of the member for Gascoyne.

Having referred one by one, firstly to the words that caused such grief among Opposition members, the words which referred to the caveat on the obedience to different Commonwealth Statutes, and then to the solvency provisions, which were the major questions raised by the Leader of the Opposition, let me say one or two other things which answer some of the queries raised during the second reading debate by a variety of members. Under clause 34(1) I am informed the fire brigade levy will be imposed upon the Insurance Corporation. That is the clause the Leader of the Opposition read out.

Another point raised referred to the expanded ambit, as it appeared to him, of the possible activities of the insurance commission. I am informed that the 1986 Bill—in those differences to which the Leader of the Opposition pointed—seeks simply to obviate or validate any misinterpretation of the definition of what is insurance business. That is why that expanded ambit to which he referred is present in the 1986 Bill. That has been widened. I am informed the Bill has been drafted so that any misinterpretation as to the words “insurance business” or the meaning of those words can be obviated.

Mr Hassell: Departments will always put up words which suit them. They will make them as wide as possible. They will only be confined if they are told to.

Mr BRIAN BURKE: I can only say to the Leader of the Opposition that the point he raised is rebutted in the view of the people involved in the Government’s insurance activities by reference to the possible misinterpretation of those words. In any case that is the answer I have for him.

The Leader of the Opposition made great play of the ability of the Government, if the Insurance Commission or corporation get into financial trouble, being able to bail out the troubled body. That is no different from the present situation where, if the SGIO faces certain difficulty, the State Government, at the taxpayers’ expense—because that is all the money the State Government has—could bail out the troubled SGIO.

Mr Hassell: It is different from the 1983 discussions.

Mr MacKinnon: The fact is, we do not have a corporation at the moment.

Mr BRIAN BURKE: That is true, but we have some obligations—or should have some obligations—to bail out a troubled SGIO, as we will a troubled Insurance Commission.

Mr MacKinnon: What obligation have you to a private insurance company?

Mr BRIAN BURKE: None whatsoever, but we are not changing the obligation we have in the Government area.

Mr Hassell: You have said you would change it. You said you would make it competitively neutral.

Mr BRIAN BURKE: We have taken steps to make it competitively neutral, but if the Leader of the Opposition maintains it can be competitively neutral only by the Government’s absolving itself of any responsibility for bailing it out, he is saying he does not think there should be an SGIO; because a Government of any political complexion would always stand behind the SGIO, and the R & I Bank, because we are the shareholders of those organisations.

Mr Hassell: That is true, but it was not the line of argument in 1983.

Mr BRIAN BURKE: I am not sure whether that is true either, because I cannot recall; but it is unreasonable to expect that the State Government, or any Government, would not stand behind either the SGIO or the R & I Bank. In fact the State Government would probably stand behind building societies, although there are no last-resort guarantees extending to that.

Mr Hassell: I would not say that too loudly, if I were you.

Mr BRIAN BURKE: But I think it is the truth.

Clause 39(9), which refers to the same matter, limits the liability of shareholders; so in effect, although I admit that the State Government is unlikely to seek to limit its liability, the

clause does limit its liability and the share capital and funding proposals we have included in the legislation simply seek to reflect the requirement that the corporation has to meet dividends and to limit its liability, just as the private insurers are required to pay dividends and limit their liability.

No-one can say that the Insurance Commission will not be seen to be some sort of Government body that has the substance of Government and therefore has some advantage in that respect, but we have moved heaven and earth in this legislation to ensure the competitive neutrality of the Government in its insurance operations. It is absolutely unfair of the Opposition to claim that that is not the case. In fact, as I have said, we have imposed greater strictures on the Government's insurance operations under this legislation than are imposed upon private insurers, and those restrictions are the reason that, three years after the undertaking was given, it is simply not relevant, pertinent, or effective, to talk about the establishment of a committee.

If we take out all the different restrictions on the commercial activities of the Insurance Commission, there might be a case to have a committee. What we have done is to put all of those restrictions into this Bill and in that way effect the 1983 legislation so that we have guaranteed by Statute the competitive neutrality to a degree that allows Mr Trigg to say that on the question of competitive neutrality the insurance council has very few concerns. That is what he said, not what the Government says.

Mr Laurance interjected.

Mr BRIAN BURKE: Why does not the member for Gascoyne go and defame someone else?

Mr Laurance: You will do, for a start.

Mr BRIAN BURKE: I have no doubt the member for Gascoyne would defame me if he could.

Mr Clarko: Where are you building your house this week?

Mr BRIAN BURKE: I do not know. The member for Karrinyup should ask the member for Gascoyne about that rumour—he would know. I think he is the one who starts them off.

The Leader of the Opposition spoke about the cost to private insurers of certain Government demands. All I can say is that the cost to the Government will be much greater when it is forced to comply with the Financial

Administration and Audit Act that we have passed.

Mr Hassell: Does it have to pay for that?

Mr BRIAN BURKE: Yes, it does, and it is an expensive proposition.

Mr MacKinnon: Does not a private insurance company have to comply with the Companies Act and the audit provisions thereof?

Mr BRIAN BURKE: It certainly does.

Mr MacKinnon: Is not that exactly the same?

Mr BRIAN BURKE: No, it is not.

Mr MacKinnon: It is as good as the same.

Mr BRIAN BURKE: No, it is not. The penalties are more severe but it is not more stringent at all. If the member for Murdoch wants to talk about stringencies, he must restrict himself to the sorts of penalties involved in the confiscation of the ability to operate or be a director. While it might be more severe, it is not more stringent in what is demanded of it.

Turning now to the question of independence from Government, having dealt with the first point about the Minister's discretion, I remind the House that the appointment of the commissioners ends the Government's role in the organisation of the corporation, and the commissioners will appoint the corporation and organise, instruct, and direct the organisation. It is true that the Minister can direct the commission within the confines of the Act, but the Minister cannot direct the commission to disobey parts of the Act that the Government does not believe should be complied with. However the direction of the corporation is a matter not for the Minister but for the commission to decide.

I remind the Opposition once again that it is terribly difficult to accommodate every demand that it makes. It wants these bodies to be accountable, but it wants to remove the accountability because it does not like the Minister instructing or directing. The Opposition cannot have both things, and if it wants to have an accountable organisation—accountable to this place, anyway—then there has to be a degree of ministerial responsibility and that is what this legislation is all about. It necessarily involves that instruction or direction being open to the Minister, because if that responsibility is there without the Minister having the ability to direct or instruct, that would make the Minister responsible for all sorts of things that are not his rightful responsibility. It is a strange organisation that one would decree

should be the responsibility of a Minister who is powerless to try to cause any change in policies.

We believe this Bill includes a great many strictures that were missing from the 1983 legislation and that ensure the competitive neutrality of the SGIO in its new form. We believe that the Insurance Commission and the corporation will be much more accountable than ever before, and that that accountability goes properly with the ability of the Minister to direct or instruct. If not, it is a very unfair, lopsided, unjust accountability.

On the question of solvency I have tried to satisfy the Leader of the Opposition's queries; and in relation to solvency there is the difficult area of industrial diseases. We accept that but at the same time I would expect that, on the basis that private insurers are not interested in participating in that category of insurance.

As to the legislation itself, if the Opposition wants to persist and is determined to set about trying to destroy, dismantle, or unfairly impair the Insurance Commission, then the SGIO will continue to operate as it is now, without the strictures involved in this new commission legislation; and I have no doubt it will be a very successful insurer. However, I would suggest to the Opposition that in all the areas about which it has professed some concern, this legislation allays that concern. It is my view that the legislation obviates the need for a committee because it imposes much stronger and stricter requirements on the proposed Insurance Commission than any committee could ever impose upon the SGIO.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Burkett) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clauses 1 to 3 put and passed.

Clause 4: State Government Insurance Commission established as a body corporate—

Mr HASSELL: Clause 4(3) reads as follows—

The Commission is an agent of the Crown in right of the State and enjoys the status, immunities and privileges of the Crown except as otherwise prescribed.

Why is that provision included when the expressed purpose has been to establish at least an independent corporation or operation? What is the significance of that provision?

Mr Brian Burke: The significance is quite simply the significance referred to where I explained the caveat on the compliance by the corporation or the committee, or both, with any Commonwealth laws. That clause simply asserts the State's sovereignty and ensures at least in part, notwithstanding future clauses in the same Bill, that we shall not be subject to pay income tax nor shall we be subject to those Commonwealth strictures that we choose not to be subject to in this legislation.

Mr HASSELL: I expected the Treasurer to give that answer, and it conforms with my understanding of the needs. I assume that the structure of the corporation, whereby at least 50 per cent of the shares have to be owned by the commission is really directed fundamentally to the same protection. The point is that subclause (3) provides the protection from liability for the payment of Commonwealth income taxation and Commonwealth taxes.

Mr Brian Burke: Read it again and I will explain to you why you are wrong.

Mr HASSELL: It says "... an agent of the Crown in right of the State and enjoys the status, immunities and privileges of the Crown except as otherwise prescribed".

Mr Brian Burke: "... except as otherwise prescribed" raises the spectre of possible income tax effects. I am not certain of the clause number.

Mr HASSELL: It is clause 33. I suggest that between now and when the Chamber gets to that clause, the Premier read it again. It does not contain anything which could suggest liability to pay income tax.

Mr Brian Burke: Even if that liability is referred to as solvent under Commonwealth laws or in other Income Tax Act provisions?

Mr HASSELL: It would be an extreme and extraordinary interpretation, but if it did, one could still avoid it without the general exemption which allows one to avoid those obligations, as will be demonstrated later.

Mr Brian Burke: That is the point which has been raised with me and that is the whole reason I think it is a substantial protection

which needs to be taken. Perhaps Federal Governments might change—

Mr HASSELL: But the drafting could be different. Clause 33 as it is drafted makes a mockery of the proposition that the State Government will comply with Commonwealth laws because on the day the Bill is proclaimed the Minister can for all time exempt the corporation from compliance. To claim that the only way in the world that it could be used to protect the State from the possible liability to pay Commonwealth income tax is by putting in those words is simply not right.

Clause put and passed.

Clause 5 put and passed.

Clause 6: Functions—

Mr HASSELL: This clause defines the functions of the commission in respect of liability under the policies of insurance issued under the Motor Vehicle (Third Party Insurance) Act.

Many issues are raised during a second reading debate and, as has happened in this Chamber on so many occasions, the Premier, when he was handling this Bill, got up and replied in general terms that what the Government was doing was a good thing. He picked out a couple of strong points and ignored all the rest of the queries and no answers were given.

I ask in relation to this clause: What is the financial position? This Parliament is creating a corporation which will take over the Motor Vehicle Insurance Trust and members do not know whether the MVIT is in good or bad financial shape. We do not know whether it has improved its position although it has been suggested that it has. We do not know whether it is profitable, insolvent, or what.

My understanding is that the MVIT is extremely well run and the Connell report indicated that in a broad sense. But I ask: Where are the accounts? Where is the information that this Parliament should be given about the real functions of this commission? We are being asked to approve a commission which will take on so-called "social insurance". This is insurance which is required to be carried by Government because it is not accepted as a profitable piece of insurance that can be carried out by the corporation or by the private sector. However, members have not been told what liability we are creating for the Parliament and for the taxpayers of this State.

Members are told that the commission is to issue and undertake liability under policies of insurance as required in section 154 (6) and

section 163 of the Workers' Compensation and Assistance Act, but what are these liabilities? What are they in terms of money and the obligations which will arise? How much debt is likely to arise from them? Section 163 of the Workers' Compensation and Assistance Act relates to industrial diseases and that includes the disease caused by asbestos, as I understand it, for which there is a literally enormous potential liability that is undetermined at this stage.

As of now, no-one has succeeded in getting damages for one of these asbestosis cases, because no case has got to court before the person has unfortunately died. So the question has never finally been determined whether the claims are Statute-barred.

What are the liabilities and the details of the liabilities? What is going on in relation to these most basic obligations of the commission? Is Parliament to be asked to subsidise these bodies, and if so by how much? Is the Treasurer to exercise control over the premiums for the third party insurance liability? Is he to exercise control over the premiums which come under the Workers' Compensation and Assistance Act? What is to be done? What is the policy of the Government? How is this insurance to be handled in the years ahead? All these questions remain unanswered, yet they are fundamental to the legislation. They ought to have been explained in the second reading speech.

They are major questions of financial liability being assumed by the State—new liabilities under a new commission. The question is: What really is going on? Let us see some of the detail; let us have it brought forward by the Treasurer and explained to the Chamber. He is asking the House to approve the legislation; he is asking the Opposition to approve it. After all, that is the function of Parliament—to deal with legislation put up by the Government. Yet we are treated as though there is nothing in this legislation we need to know about.

Every argument put up by the Opposition has been dismissed out of hand. Its members have been abused for raising them. In the usual style, the Treasurer has provided no detailed replies to the points raised during the second reading debate, his only response being to repeat the generalities of the second reading speech. Now we are in Committee and our questions are still not being answered. Mr Chairman, it is not good enough.

Mr LAURANCE: Could the Treasurer explain what the future is of the premium rates committee when the commission is established. The clause indicates that the functions of the committee are to issue and undertake liability under policies of insurance as required by those sections which relate to industrial diseases. Generally, workers' compensation premiums are controlled by the premium rates committee, the chairman of which is the Auditor General. The committee includes employer and employee representatives. Is the committee to be disbanded or will it continue to operate as it does now?

Mr BRIAN BURKE: Firstly in response to the Leader of the Opposition, none of the liabilities to which he referred will change. They are liabilities presently borne by the MVIT or the SGIO in the course of business they are now carrying out. Each of those organisations annually reports upon its own activities.

In respect of that matter, it hardly seems to me to be fair of the Leader of the Opposition to be acting as though the commission is to radically change the liabilities, debts or even the operations of the insurance arms of government from those which obtained in 1983. I am not of the view that that information should have been provided. It is mainly available.

In any case, referring to the letter I received today about the solvency provisions, I can say to the Leader of the Opposition, if it makes any difference or any sense to him, that the total assets of the SGIO were \$247.8 million and its total liabilities were \$186.4 million, giving an excess of assets on liabilities of \$61.3 million. Premium income totalled \$126 million and the solvency margin was 48 per cent. That may illuminate something for the Leader of the Opposition.

As to the point he made about the financial state of each of the funds—he did not mention them all—that is really something that has not changed. The situation with the industrial disease claims that are being made is certainly clouded by the common law situation. I cannot enlighten the Leader of the Opposition as to what is likely to happen to those claims.

Mr Hassell: What contingent liability has been allowed for them?

Mr BRIAN BURKE: A contingent liability has been allowed for them, but apart from calculating a liability in a global sense, no-one is able to say that if every claim is made the contingent liability will be roughly \$21 million.

No-one is able to say what is likely to happen. Speculation may be interesting but not too worthwhile.

In all of the other areas—the operations, the liabilities and the assets—we will see the MVIT and the SGIO continue unaltered, and that seems to be very fundamental. We are not doing anything to those liabilities by passing this legislation except to maximise the efficiencies and the economies of scale that we can achieve by bringing both organisations together—and I have no criticism of the SGIO or the MVIT.

That may be a generalisation or a repetition of the second reading speech, but it is still true. It was not mentioned by the Leader of the Opposition, but it is also the view contained in the Price Waterhouse-Rothwell's report, which indicated that efficiencies could be made in computer facilities by amalgamating the two bodies.

As for the member for Gascoyne's query, nothing will happen to the premium rates committee.

Mr HASSELL: I come back to trying to get some information. Yesterday the Treasurer interjected during my speech at the second reading stage to say that in his reply to the second reading debate he would explain how it was that the SGIO, which the Price Waterhouse-Rothwell's people advised would have difficulty meeting the solvency requirements of the Commonwealth Act, would now be able to comply with it. He indicated that it related to this area of industrial disease liability. No explanation has been given. We do not know what the liability is.

It is all very well for him to say that the new commission will simply take over the liabilities of the MVIT, but what are its liabilities? The Treasurer has told us that the MVIT has substantially improved its position, that it has dropped from a contingent liability of roundly \$40 million to one of roundly \$32 million—certainly there seems to be a great reduction.

Why has there been a reduction in the trust's contingent liability? Is that reduction related to the associated legislation with which we are dealing that limits damages? Is it related to the changes in the discount rate? Is it that this new corporation will be taking over? What is the Government's policy on premiums?

It is all very well for the Treasurer to say that the premium rates committee, which deals with industrial diseases, will not change. Will it be subject to direction? My understanding is that

at present it is not able to be directed. Under this legislation it will be able to be directed.

What we are asking for is perfectly reasonable and appropriate when debating these matters. What are the liabilities the State is undertaking? What are the Government's policies to be on premium levels?

Is the Government going to hold down premiums artificially yet again, or, if it is not, is it going to hold them down by subsidising them? What system is being adopted? What is the Government's plan in relation to motor vehicle premiums? Is an increase due now, and, if so, why would it be now?

Mr Brian Burke: It was announced a week ago. You were complaining about it a week ago.

Mr HASSELL: It was not mentioned, actually.

Are the liabilities such that some of these matters will require substantial adjustment in the future? This is one of the key clauses in the legislation. The liabilities are to be assumed by the new commission and the State of Western Australia. We have no explanation and no information. The Treasurer talks about financial management, audit, accountability, and supervision; we have heard those words flow from his lips so many times in the past three years, but when it gets down to tin tacks he does not want to give information or answers. He does not come prepared to give answers. He treats Parliament with contempt and secrecy, and then has the gall to complain because we say something about the Western Australian Development Corporation with which he has connived to treat the Parliament with contempt. The same thing is happening with the legislation now before us. We should have answers to those questions, but there has been none so far.

Mr MacKINNON: The point I would like to raise with the Treasurer relates to paragraph (c). The Treasurer did not answer this aspect in his response to the second reading debate. Why is it not possible for the insurance activities of Government to be opened up to competition from the private sector? As the Leader of the Opposition has indicated, and the Treasurer himself has indicated, the legislation is designed to enable the State Government Insurance Commission to enter into greater competition with the private sector. Why is the contrary not possible? Why is the Government not allowing the insurance business of Government to be opened up for competition with the private sector?

It would be in the best interest of the corporation and, more importantly, of the taxpayer at the end of the day because it would ensure the best possible premium and the best service for any departments, authorities, or instrumentalities concerned. Why is not the contrary to what we are talking about in this legislation applicable in this instance?

Mr COURT: I have a query relating to paragraph (d) which states—

To provide services and facilities to the Corporation to enable it to carry on insurance business and supervise the carrying on of insurance business by the Corporation;

This means it provides a wide range of services for the corporation. The question I would like to ask is whether the commission would charge commercial rates for that advice. For example, if the corporation were considering moving into a new type of insurance field and a detailed feasibility study or analysis was to be done—

Mr Brian Burke: The Act makes it clear they have to pay commercial rates.

Mr COURT: For advice between the commission and the corporation? What clause is that in?

Mr Brian Burke: I am not sure. You mean between the commission and the corporation and not between the commission and outside bodies?

Mr COURT: I am referring to the commission and the corporation.

Mr Brian Burke: The commission is the shareholder in the corporation.

Mr Hassell: They do not have to charge.

Mr Brian Burke: My understanding is they do not charge them, but I cannot imagine where they would use them.

Mr COURT: If the commission did a feasibility study—let us say the corporation entered a new field of insurance and wanted to move into marine insurance, and the commission did all the work—

Mr Brian Burke: Why would the commission do the work? Surely the corporation would do it.

Mr COURT: The clause says the commission can provide services and facilities to the corporation. We are talking about the functions of the commission, and one of the functions, as outlined in paragraph (d) is to provide services and facilities.

Mr Brian Burke: I would not have thought that doing a feasibility study of prospective categories of insurance would fall outside the corporation; it is the commercial arm.

Mr COURT: It would put the corporation at a competitive advantage if it did not have to do the work—if it were given a new proposal and the commission said, "We have done the work on this, and it is a good field to go into". It would give the corporation an unfair advantage. The Premier says the corporation is to be the commercial competitive arm; it can pick up services and facilities for nothing from the commission. That can be tied in with clause 10 under which the Minister can direct the commission to provide that service to the corporation.

Mr HASSELL: I observe that when I raised points before about the corporation's financial position they were ignored. Apparently the Premier is attempting a stonewalling policy in relation to this legislation.

Mr Brian Burke: I am not. I am about to rise, but apparently you are adopting that sort of policy. I thought I would let you speak.

Mr HASSELL: I am persisting in trying to get the information I want on the financial aspects. I turn now to paragraph (g) of this clause which is one of the important but generalised paragraphs. It states—

to do such other acts and things or engage in such other activities as it is authorized or required to do or engage in under any written law.

This is one of the key provisions that gives the corporation the strength to enter into any business as provided in clause 7(2)(f).

Mr Brian Burke: It makes it no different from any other private insurer, does it?

Mr HASSELL: Except that this is meant to be a Government insurance corporation involved in insurance. It is getting much more power than is needed to engage in insurance. It is capable of doing another type of business altogether if that is the wish of the Minister or the Government of the day; under this legislation it can sell hamburgers.

We already have WADC and its subsidiaries, and WA Government Holdings and Exim, and other subsidiaries. There are also other Government bodies such as the Tourism Commission and the South West Development Authority, and all of them can go into business. There is so much opportunity for Government to go into business, and there seems to be no

need to have this power in a Bill that is related to insurance. If we are to have a Government insurance corporation why does it need powers to go into these other things?

Mr BRIAN BURKE: Turning to the points raised by the Leader of the Opposition and the information he required, I am happy to provide it, but it is very tedious to provide him with all this information.

Firstly, a statement of assets and liabilities as at 30 June 1985 in respect of the MVIT reveals that unearned premiums in 1985 totalled \$27 276 606. The figure in 1984 totalled \$27 975 536. Estimated outstanding claims in 1985 totalled \$411 173 000. The 1984 figure totalled \$352 380 000. In relation to current liabilities, an unsecured bank overdraft totalled \$1 292 796. In 1984 the figure was \$965 051. There was a substantial change in those figures. Accounts payable in 1985 totalled \$17 206; in 1986 the figure was \$15 270. The accumulated deficit between 1984-85 changed from \$39 918 058 to \$32 029 117.

If we turn to fixed assets, freehold land at cost in 1985 totalled \$63 799 and in 1984 it totalled \$63 799. That is obviously a book entry of unwritten-down value. Freehold building at cost totalled \$1 855 131, less provision for depreciation of \$457 398. That leaves the following figure for 1985 of \$1 397 733. In 1984 that figure totalled \$1 095 001.

Furniture, equipment, and vehicles at cost totalled \$368 999, less provision for depreciation totalling \$85 380. In 1985 the figure was \$283 619 and in 1984 the figure was \$157 314. That leaves a total for fixed assets in 1985 of \$1 745 151 and in 1984, \$1 316 114.

I have several pages of those figures and I am not sure how to handle them. I am reading them from the annual reports of the two organisations. I will give them to the Leader of the Opposition, and all the information he requires is in those reports. I did not imagine that he was unable to obtain that information. I do not mind reading them out to him.

Mr Hassell: My questions did not involve those figures.

Mr BRIAN BURKE: It lists all the liabilities and assets. It will be long and tedious for me to read the figures out and it will not serve much purpose.

Progress

Progress reported and leave given to sit again, on motion by Mr Brian Burke (Treasurer).

DISTINGUISHED VISITOR

THE SPEAKER (Mr Barnett): I advise members that I have invited to sit in my gallery Mr Nicholas Benello, the Maltese High Commissioner.

[Questions taken.]

Sitting suspended from 6.00 to 7.15 p.m.

STATE GOVERNMENT INSURANCE COMMISSION BILL

In Committee

Resumed from an earlier stage of the sitting. The Chairman of Committees (Mr Burkett) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clause 6: Functions—

Progress was reported after the clause had been partly considered.

Mr BRIAN BURKE: Before progress was reported I was trying to explain some of the answers to the Leader of the Opposition in the face of what appears to be a very deliberate Opposition tactic to extend the debate indefinitely. That is my very distinct impression. The members opposite can carry on as much as they like but I am allowed to say what my impression is. They will not shut me up, no matter what they say or do.

Among the queries raised by the Leader of the Opposition was one that sought complete details as to the liabilities of the MVIT and the SGIO, each of the funds of those bodies, and the assets and liabilities of a fixed and variable nature as well as the financial operating details of the two bodies. I tried to point out to the Leader of the Opposition that that information was available through the annual reports of each of the bodies but the Leader of the Opposition seemed to think that by forming a commission we were somehow or other changing the extent or the nature of the liabilities presently incurred or standing in the name of the organisations concerned. I explained to the Leader of the Opposition that that was not the case.

We are simply amalgamating and trying to make more efficient through that amalgamation each of the two bodies; we are not changing the liabilities they have. As far as their present financial situation is concerned, the Leader of the Opposition has access to those annual reports and they provide most of the information.

Mr Hassell: It does not explain the query I had.

Mr BRIAN BURKE: What was it?

Mr Hassell: I asked you to explain what is behind the restructuring. I asked you to explain how it is that the Connell-Price Waterhouse report suggested that they could not comply with the insurance assets requirements and now they are able to comply.

Mr BRIAN BURKE: That is not what the Leader of the Opposition asked for before the suspension.

Mr Hassell: I asked about the liabilities being taken over.

Mr BRIAN BURKE: The liabilities of the new commission are the liabilities standing in the names of the two organisations presently. The most recent information available as to those liabilities was provided in the case of the SGIO by the figures I referred to in the Price Waterhouse letter received today. Those figures are unaudited, but nevertheless are thought to be correct. That is the most recent estimation of the assets and liabilities of the SGIO.

In respect of the MVIT the most recent available information is the 1985 third annual report tabled in this Parliament this session and current to the year ended 30 June. There is no more recent estimation of all those financial details.

Mr Hassell: The financial year has ended. Do you mean to say they do not have more recent information?

Mr BRIAN BURKE: I can ask for that sort of information and they will provide an unaudited estimation; but firstly, I am not sure it is relevant and, secondly, I am not sure—it has never been demanded previously—that on the third day after the close of the financial year to which this report refers, and well after the introduction of the legislation, we should have an estimated unaudited view of the liabilities and assets of a particular organisation. I can obtain it for the Opposition and ask the MVIT for that information.

Mr Hassell: Don't you think it is relevant?

Mr BRIAN BURKE: Not at all. This legislation was introduced prior to the close of the financial year to which this Bill refers. The assets and liabilities are unchanged as a result of the formation of the commission, and that information is up to date. I would have thought that was eminently reasonable. If the Leader of the Opposition wants the unaudited figures of

the liabilities of the MVIT I shall attempt to obtain those as well.

In respect of solvency, all I can say is that the SGIO is solvent. I referred previously to a letter from Price Waterhouse. That report assures me and the Parliament that subject to those restrictions referred to in the letter, which also refers to the lack of audited information, the solvency margin of the SGIO as at today's date, was 48 per cent. That is double the solvency margin required of private companies.

The Price Waterhouse-Rothwell's report was completed in 1984. It has been the subject of study and recommendations by Government officers from the MVIT, Treasury, and SGIO. They have indicated that the SGIO can comply with all solvency requirements on the basis of its present standing, and the legislation is proceeding.

The other query raised by the Deputy Leader of the Opposition was why the business could not be thrown open to the private sector. Why should the Government not be allowed to do what the private sector is allowed to do and that is to self-insure?

Mr MacKinnon: Why should the private sector not be allowed to help manage that self-insurance?

Mr BRIAN BURKE: Why should every organisation not be forced to allow the private sector to involve itself in the insurance needs of that organisation?

Mr MacKinnon: Not only self-insurance, but also the general insurance needs of the Government and statutory authorities.

Mr BRIAN BURKE: That is self-insurance.

Mr MacKinnon: But there is a cost involved in doing that, whether it is the SGIO or any other company.

Mr BRIAN BURKE: There is a much lower cost involved. The Government would not have to pay to provide a profit as it would to the private sector.

Mr MacKinnon: You are saying the corporation—

Mr BRIAN BURKE: The Deputy Leader of the Opposition asked the question. He is getting the answer. If he wants me to move to give the right to self-insure from Mt Newman or Bunnings or all those other entities, I do not mind doing that. What he wants is not fair. He wants competitive or commercial neutrality, provided the SGIO is disadvantaged.

Mr MacKinnon: I did not say that at all. That is not right. You totally misrepresent the position. That is par for the course.

Mr BRIAN BURKE: Perhaps I do, but the Government has every right to self-insure. If all the advantages are not to be one way, the Deputy Leader of the Opposition can put his hand up in the air and I will lob on to him the industrial diseases insurance.

Mr MacKinnon: What about the SGIO?

Mr BRIAN BURKE: The Deputy Leader of the Opposition changes the subject pretty quickly now. I am sick and tired of the Opposition carrying on as if the private sector in holier than thou. The private sector is perfectly prepared to share the crumbs, but it will not share the risk involved in the industrial diseases insurance.

It is the view of the Deputy Leader of the Opposition, so that his ideological conscience can be expiated, that the SGIO cannot make any money.

Mr MacKinnon: You are not interested, are you?

Mr BRIAN BURKE: That is the answer to that query. All we are seeking to do is to have the same right as the private companies to self-insure. Does the Deputy Leader of the Opposition want us to force the private companies to open up their insurance to public tender by other private companies?

Mr MacKinnon: That is an absolute lie.

Mr BRIAN BURKE: I do not know whether it is a lie or not.

Mr MacKinnon: That is not what I said at all.

Mr BRIAN BURKE: I asked whether the Deputy Leader of the Opposition wanted—

Mr MacKinnon: I did not say that at all.

Mr BRIAN BURKE: The Deputy Leader of the Opposition does not know what he says from one minute to the next. The only thing in which he is consistent is undermining his leader.

Mr Hassell: You are being very unpleasant tonight.

Mr BRIAN BURKE: The Leader of the Opposition is being absolutely rosey since he moved that motion last night. The member for Esperance-Dundas made him look like a court jester. He showed him up last night.

Mr Bradshaw: That is rubbish.

Mr BRIAN BURKE: The great defender of the faith!

Mr Bradshaw: This is irrelevant to the motion.

Mr BRIAN BURKE: My error, I am sorry. For a moment the member for Wokalup has come to life.

Mr Bradshaw: You do not know where Wokalup is.

Mr BRIAN BURKE: My wife's brother had a business in Wokalup which he sold when the member was elected. I am sorry, that is a joke. He did not really.

The CHAIRMAN: I think we should get back to the debate before the Chamber. We have had enough frivolity.

Several members interjected.

The CHAIRMAN: Who said that was not frivolous? I believe that the member for Murray-Wellington is reflecting on the Chair and I ask him for an immediate apology.

Mr Bradshaw: I was not reflecting on the Chair but I will apologise.

Mr BRIAN BURKE: This highlights the Opposition's position tonight. It is not serious. Members know as well as I do what the member for Gascoyne said will happen. I do not need to go into great detail. The matter was raised again by way of interjection. This legislation does not interfere with the Workers' Compensation and Assistance Act.

The query raised by the member for Nedlands referred to commercial rates being charged for work done privately.

I think the member for Nedlands referred to the commission doing work for the corporation. Clause 38 amply covers that. Subclause (2) provides that—

A full and appropriate charge shall be made to the Corporation for the use of services and facilities provided—

(a) By the Commission under section 6(d); . . .

That does provide the information the member for Nedlands wanted. This Act requires the corporation to act with prudence and in a commercial fashion, and anything that the Minister, the corporation, or the commission says cannot take that away. The Leader of the Opposition can say that there is a world of difference between the interpretations as to commerciality and as to prudence, but it is also true to say that in general terms the outlandish or absolutely imprudent instruction or direction is recognisable at law and might be pursued.

I am trying to answer the questions raised from time to time by the Leader of the Opposition and others. I am not sure whether they are dinkum, but I think I have answered each of the questions that have been raised.

Clause put and passed.

Clause 7: Powers—

Mr HASSELL: Despite the apparent anger of the Treasurer because he has been put on the spot to answer some questions, it is nice that we actually get a few answers. I do not know that he has explained the answers, and I do not see that the things he referred to as irrelevant are irrelevant. When a Bill like this is put up, the issues that remain unanswered about policy, the premiums and the directions, and questions in relation to businesses being taken over, are relevant and ought to be explained. They still are not explained. A lot of accounts have been handed across, one of which relates to the Motor Vehicle Insurance Trust and indicates a pretty substantial increase in outstanding claims between 1983-84 and 1984-85. The difference is about 25 per cent on a rough calculation—from \$352 million to \$411 million. That is indicative of a changing scene.

Mr Brian Burke: It is indicative of inflation, too.

Mr HASSELL: In one year? Actually it is not 25 per cent, but it is a very substantial increase—a long way above inflation. It is indicative of a trend in relation to that operation. What does it mean in terms of future premiums? In what way is this new organisation—the commission—going to be able to keep premiums down? Why will the new organisation be more effective at keeping premiums down than was the old organisation, which is acknowledged to have been an efficient organisation? Is it likely that motorists, through third party insurance, will end up directly or indirectly subsidising the loss-making areas such as industrial diseases compensation? All those questions are financial questions and are relevant to this legislation and the way in which the State Government is operating certain areas of social insurance. Those questions are relevant to the charges that will be made to the public, and to the liabilities that the public will have to bear.

Mr Brian Burke: You must know as well as I do that the industry generally has welcomed this legislation. There has been no criticism of it, despite what you say, and there has been no campaign against it because it has been

explained to the industry and generally welcomed by it.

Mr HASSELL: It has not been welcomed by the industry—it has been accepted by the industry in the broad, but there are still outstanding questions. If I came here purely as the mouthpiece of the industry we would hear another load of drivel as we did last night from the Minister for Agriculture.

Mr Brian Burke: That was not a load of drivel. You got a bit of a shock.

Mr HASSELL: Not at all.

Mr Brian Burke: You would not have gone in to bat as hard as you did.

Mr HASSELL: If I had known that all that drivel about a respected and successful business family was going to be dragged up in this Parliament for political purposes, I might well have had something to say about some of the things on my files about the person whom it now appears the Treasurer is defending in pursuit of his ideology.

I raise the question: Why it is considered necessary to include paragraphs (f) and (h) in subclause (2)? Paragraph (f) gives the commission power, in the State or elsewhere, to form or establish, or participate in the formation or establishment of, any business undertaking. That is not any business related to insurance, nor to particular functions. It is the sort of clause that I acknowledge appears commonly in the memorandum and articles of association of proprietary or public companies; but of course, proprietary or public companies are not in the same category.

That sort of clause appears in the legislation which established the Western Australian Development Corporation, and no doubt it appears in the memorandum and articles of association of Western Australian Government Holdings Ltd. As I said before, those two corporations and all their subsidiaries are already able to get into different kinds of business undertakings. The Tourism Commission is also able to get involved in business undertakings. The Small Business Development Corporation, the South West Development Authority, and several others are able to get into business undertakings. Why does the Government want this Insurance Corporation to be able to get into business undertakings and enter into a partnership or arrangement for the sharing of profits?

Those things are not necessary or appropriate to insurance. I can understand that the Government has received legal advice from the

O'Connell-Price Waterhouse report that the 1983 legislation did not really cover it for all the insurance business it intended. I would not have any argument with that. If the Government said, "We want to be able to carry out all insurance; that is what the corporation will exist for", I could not really argue with that. However, I do argue with the proposition that we have another Government corporation able to indulge itself in any kind of business, because we have seen what happens. We have seen what happened to Northern Mining Corporation N. L., and we have seen with WADC what these bodies get up to. We just do not see the necessity for having yet another broad based power to engage the taxpayers' money in business undertakings.

Mr BRIAN BURKE: In replying to the Leader of the Opposition I should make the point which he made obliquely, and that is that we are not seeking in this legislation to do anything more than the private competitors of the SGIO are able to do. I suspect that the qualification is much greater than is indicated by the Leader of the Opposition when he refers to clauses 6 and 7 of the Bill and to the definitions in clause 3. It is my view that the powers are qualified by the definitions, notwithstanding subclause (1) and the discrete subclause (2).

Mr Hassell: Are you suggesting that despite the words of subclause (2), it is still limited in an overall sense by what appears in subclause (1)?

Mr BRIAN BURKE: That is right—not only by what appears in subclause (1), but how that subclause is qualified by itself.

Mr Hassell: Then have a look at paragraph 6(g).

Mr BRIAN BURKE: It is a catch-all clause that is always included in all sorts of functional clauses so that matters related to it, or even extraneous to it, are fulfilled in terms of the functions.

It is a subclause common to this and of similar sorts of legislation. In any case I believe clause 7 is qualified by clause 6 and that, taken with the definition in clause 3, is perfectly reasonable.

If it is not, and the Leader of the Opposition is right—although I think he is wrong—there is no intention on the part of Government, nor I suspect does the Leader of the Opposition believe that there is because he has referred to the WADC, EXIM, and everything else, that the SGIO should suddenly become another WADC. Neither is it the Government's view,

as it appears to be the Leader of the Opposition's view, that the SGIO should not have the same rights and abilities as a private insurance company, or to be not able to do any of those things which are related to but are not insurance.

Even if clause 7 is not qualified by clause 6 and by the definition in clause 3, there is no intention I know of on the part of the SGIO as it presently exists, or the commission, as yet unappointed, to go into those other businesses that the Leader of the Opposition might preclude it from. I do not know whether one could remove that clause and not remove the SGIO's ability to go into businesses that are somehow related to, or touch upon, the principal motive or function of the SGIO or of the corporation.

I do not agree with the Leader of the Opposition in respect of the exclusive nature of 6(g) or of 7(2)(f). I believe that clause 7 is qualified by clause 6 and both relate to the definition in clause 3, but once again by the Leader of the Opposition's reference to the WADC, EXIM, and others, it is clear that there is no intention on the part of Government that the SGIO should become a Robert Holmes a Court-type vehicle for the takeover of the world.

Mr HASSELL: I appreciate the points the Treasurer made although I do not agree with him. I think this clause is very broad and while I understand an argument might be found to the effect that 7(2) is qualified by 7(1), I do not think it is necessarily so. I frankly believe that we are creating another Government body which will have opportunities to go into business unrelated to insurance. I do not see why the SGIO or the State Government Insurance Corporation requires the powers referred in 7(2)(f).

Mr Brian Burke: I think you are misunderstanding those clauses. I am not trying to be smart or to be patronising but 6(g) says "as it is authorised" and the functions authorise it. So that is limited by the nature of functions in 6(a) to 6(g). Clause 7 simply says that within the ambit of those functions in clause 6 it can do anything it likes.

Mr HASSELL: I can see that argument, but I am not satisfied by it in terms of the words used. I think the power is too broad. What is the justification of having 7(f)? Why is it needed to run the SGIO? The Treasurer has not told the Chamber who is to be on the commission or on the board of the corporation. It may well be someone like Laurie Connell. He is

one of the smartest business operators in Perth and he may well see some opportunity for this corporation to branch into a new area or undertake some new business operation. It may be looking to see whether it had the power to do it.

Mr Brian Burke: And it could do it, provided it complied with clause 6.

Mr HASSELL: I think we should be making it clear that the Parliament is authorising the insurance business; it is not authorising anything else.

Mr Brian Burke: It is authorising other things unless what you are saying is that you want pure insurance and nothing related to it. For example, the SGIO was one of those organisations that participated in the new bank and its formation, which I thought was a fairly worthwhile thing. This governs its investment powers.

Mr HASSELL: I question the desirability of the Insurance Corporation of this State engaging in the banking business and building it up into a different kind of business. The Government had the WADC to do that and now it wants another body branching out and building up an empire of Government businesses.

Mr Brian Burke: That is an argument we can have, but the other thing which might convince you is that the SGIO should be allowed to maximise its returns from investment funds. That may involve investing in Boans; I do not know.

Mr HASSELL: It has plenty of power to do that.

Mr Brian Burke: I don't know that it has.

Mr HASSELL: I refer the Treasurer to 7(g).

Mr Brian Burke: Yes, but investing by way of some equity participation or something else is a legitimate means of maximising returns, something which is not permitted under those powers.

Mr HASSELL: I was not enthusiastic in 1983, nor am I now, about having a Government insurance office extending its franchise. However, the Opposition party has accepted what was done in 1983 and it is not going to reargue it. We did not vote against the second reading of the Bill, but now another step has been taken and the Government has gone into another business area.

Mr Brian Burke: I don't agree that it has.

Mr HASSELL: I think it would be clearer if this clause were not in the legislation. It is not necessary to ensure the business of running the insurance operations of the SGIO or the State

Government Insurance Corporation. It might give the Government all the flexibility it desires but I think the Government has its arms into too many things. I think this State will suffer some tremendous losses and there will be a quite interesting turn around in the perceptions which have been created about some of the Government's investments. We are going to start seeing the real turnout. I assume that is why there has been so much secrecy—so that when the bad days come we will not be able to find out what happened.

That power is not necessary and I cannot see the justification for it in terms of effectively operating an insurance business. The Government's advisers will tell it that it is desirable because they want it. Departments always do. I have been a Minister and I know what they put up. I probably defended some things in this place which I should not have defended.

Mr Brian Burke: I send them back to the departments if I disagree with them.

Mr HASSELL: I hope the Treasurer will take that point of view when we get around to one of the critical clauses where the real nub is whether it is independent or not. However, I am not going to convince the Treasurer because he does not want to be convinced.

Clause put and passed.

Clauses 8 and 9 put and passed.

Clause 10: Directions by Minister—

Mr HASSELL: This clause has been referred to before and it should be seen in linkage with clauses 16 and 36. It provides for the Minister to give directions to the commission. Those directions can be in relation to anything. Obviously they are directions within the Act and they can be related to anything. They can be general or they can be particular. The commission is required to give effect to those directions. Of course, they may include a direction that the commission direct the corporation and that is where clause 36 comes in. It is a parallel clause which seeks to allow the Minister, in effect, to direct the corporation.

This is where the Treasurer's second reading speech argument falls to the ground. The Treasurer argued that he had put the corporation at arm's length from the Government. He has not done that. Instead, he has ensured that the matter will be carried through an extra step and, rather than the Minister's directing the corporation directly, the Minister will have to direct the commission to direct the corporation. However, it will have precisely the same effect and this is part of that administrative

structure. That is the importance of that clause in the scheme of things.

We see that we really have a Government business operation which is subject to direct ministerial direction. I am not opposed to Government responsibility. Once again the Treasurer misrepresented the position I stated previously, because he said, "You cannot have it both ways." Previously I had acknowledged that I was not opposed to Government direction.

Probably a very good reason exists as to why the Government should have direction over the commission. The commission deals with social issues such as welfare insurance and workers' compensation. Workers' compensation should not fall into the category of welfare insurance; rather, it should be profitable. It falls into the commercial arena and should be able to be profitable. However, it is an area in which special kinds of liabilities may arise and the Government should perhaps take responsibility for it.

There is no doubt that in relation to its premiums the Motor Vehicle Insurance Trust has been subject to political direction over a number of years.

Mr Brian Burke: I do not know that it is fair to call it "political direction", because the requirement that approval be given to a proposed premium increase is not the same as saying that the refusal of that approval is political direction. There is a difference.

Mr HASSELL: Is the Treasurer suggesting seriously that there was no justification for an increase in MVIT premiums last year, but that there is this year?

Mr Brian Burke: Yes, I am. In fact, not only that, but also I think—I am going from memory here—the MVIT requested a much bigger increase in the previous year, but if you look at the reports I gave you, you will see that the MVIT was able to contain its costs much more effectively and reduce its deficits despite not having an increase. I remind you also that this year the increase is only 10 per cent.

Mr HASSELL: The increase is only 10 per cent!

Mr Brian Burke: For the first time in four years it is only 10 per cent. It is not a major increase compared to some of the increases which occurred under previous Governments. We have not held back something to try to treble the increase which might be requested.

Mr HASSELL: I do not accept what the Treasurer has said. The premiums were kept down artificially last year as a result of which there has been a bigger increase this year. It was just part of the pattern of the lead-up to the election that it was played politically and the MVIT was subject to that kind of control.

Mr Brian Burke: What do you say about each of the previous three years?

Mr HASSELL: I said that it had happened over a period of years. I cannot give the Treasurer an assessment in relation to all the years.

Mr Brian Burke: There was no reason politically to do it in those other years, was there?

Mr HASSELL: I do not know.

Mr Brian Burke: Perhaps we were thinking of having an early election?

Mr HASSELL: Of course, at some stages you were.

Mr Brian Burke: We were never thinking of having an early election. We were thinking of winning it when it was held.

Mr HASSELL: Does not everyone?

The fact is that the Government will still be able to exercise this political control over these premiums and I cannot think of a way in which that can be avoided in respect of workers' compensation, although it ought to be avoided. It ought to be set up in such a way that it cannot be done, because workers' compensation is part of normal commercial insurance at least at the moment, and I trust it will continue to be.

Mr BRIAN BURKE: I understand the ideological roadblock that some people encounter when they consider the proposition of a Government organisation in the marketplace, but, as the Leader of the Opposition said, we encountered that roadblock in 1983 and we went through it, around it, or something else happened to make it less of a problem.

Mr MacKinnon: There was a commitment to set up a committee.

Mr BRIAN BURKE: That is not the case. I do not want to start shouting at the Opposition all over again, but we can trade insults if the Deputy Leader of the Opposition likes.

Mr Hassell: What you promised is on the record in unequivocal terms.

Mr BRIAN BURKE: I do not deny that, but what I say is—and I will say it succinctly again—in the three years since then we have moved to incorporate in this Bill—

Mr Hassell: We are not talking about this Bill.

Mr BRIAN BURKE: I know the Leader of the Opposition is not.

Mr Hassell: You keep talking about this Bill. The Bill of three years ago came into effect on 1 July. The undertaking given to Parliament, which was a condition of the passage of that Bill, has not been fulfilled.

Mr BRIAN BURKE: It was not a condition of the passage of the Bill and it was not all that the Leader of the Opposition is cracking it up to be.

This is the most worthy assessment of the Leader of the Opposition's position: Prior to the passage of this Bill, that committee was warranted; that is all. I would have thought that, in the quest for good sense, even the Opposition would admit that if this Bill is to be passed or defeated, there is no need to establish that committee for a period of three weeks. That is the unworthy position I would have adopted.

Mr Hassell: You are not suggesting seriously that this will come into effect on the day it is passed, are you?

Mr BRIAN BURKE: Well, very shortly afterwards.

Mr Hassell: It has taken three years to put the last lot into effect.

Mr BRIAN BURKE: And Reg Trigg of the Insurance Council of Australia Ltd says that we have used those three years to good effect and there are very few areas of competitive neutrality about which the council is worried.

Let us look at the problem the Leader of the Opposition has raised about ministerial direction.

The SGIO, as it exists now, is subject to the control or direction of the Minister. At the very least, we have removed the corporation one step further away from ministerial control. The Leader of the Opposition may be right, and he may say that the commission may toady to the Minister and then instruct the corporation in the terms the Minister says the corporation shall be instructed, but at the very least this legislation improves, from his perspective, the situation that pertains presently, because the whole question of the Minister's directing the SGIO, or the corporation as it will become, will

be taken one step further away from where it is now.

As far as the SGIO's current competitiveness is concerned, has the Minister influenced its competitiveness to date? I do not know of any Minister who has told the SGIO that it cannot do this or should do that in terms of its competitive nature or stance. I do not suspect that we will do anything like that in the future or that the Opposition, if returned to the Treasury bench, would do that. The SGIO is well run and very competitive and is so without any direction or interference from the Minister. At the very least, what this legislation does is remove one step further from the Minister's direction or control any direct influence over the corporation. So it is an improvement on what we have, even if it is not what the Leader of the Opposition wants.

Clause put and passed.

Clauses 11 to 13 put and passed.

Clause 14: Superannuation—

Mr HASSELL: Would it not be appropriate for the commission, in establishing superannuation schemes and other such arrangements, to offer them competitively to the corporation and the marketplace, and not necessarily confine them to itself or the corporation?

Mr BRIAN BURKE: I will refer the Leader of the Opposition's question to the SGIO and seek that office's advice. At the same time, the point I made to the Deputy Leader of the Opposition applies here, too; that is, I am sure the AMP would not look kindly on being asked to tender out its employee pension scheme.

Mr Hassell: But the AMP is not conducting the social insurance that the commission will be, where it is trying to minimise a loss or a burden. It needs to have the tightest management of all, otherwise it will not be a profitable organisation.

Mr BRIAN BURKE: I hope it will be more profitable than many people think it will be, and I hope the Deputy Leader of the Opposition's point about workers' compensation might be turned around and we see a profitable workers' compensation class of insurance.

Mr MacKinnon: As a single insurer?

Mr BRIAN BURKE: No. I think the Deputy Leader of the Opposition deliberately does this. If I get angry it is because he says things like that. He knows that is not the case. Even the member for Nedlands has referred to the fact that we are on public record as having said that

we are not going to introduce legislation for a sole insurer—not so long as I am Premier.

Mr Hassell: But you could do it via this legislation.

Mr BRIAN BURKE: We have no intention of doing that. I cannot vouch for the industry itself, but I have no doubt that in due course, if workers' compensation becomes unprofitable, private industry will be looking to flick-pass it to us; but we will not be seeking it as a sole insurer. We will off-load any unprofitable insurance we can off-load.

Clause 14(1) provides that the commission can enter into an arrangement with the corporation or with any other company for the establishment, management, and control by such company for the purpose of providing for pensions, gratuities, and benefits. The commission has the power members opposite wanted to have. I would not presume that the corporation would enter into similar arrangements; I would expect it to run its own pension scheme.

Mr Hassell: You would expect the corporation to do that?

Mr BRIAN BURKE: I cannot see the point the Leader of the Opposition is making.

Mr Hassell: You would expect that to be the policy?

Mr BRIAN BURKE: I would not instruct it as to what should be its policy. I have not done that with the WADC—over which I do not have the authority. I would expect this organisation to maximise its position, and that is to lose as little money as possible on the welfare side of things.

Clause put and passed.

Clause 15: Moneys available to the Commission—

Mr COURT: Subclause (2)(e) covers moneys borrowed under this proposed Act or lent to the commission, etc. Will the Government provide guarantees to the commission when it borrows funds?

Mr HASSELL: Clause 15(2)(f) covers such moneys as may be advanced to the commission and made available by the Treasurer in any case where the moneys otherwise standing to the credit of any of the funds would be insufficient. Here again what I am seeking is an indication of what the estimates are by the Treasury of the details of the moneys that the Treasurer might be expected to have to advance to the commission.

Secondly, this is where we begin the consideration of possible cross-subsidisation. If we find a deficit in what is called the industrial diseases fund—which is the most likely area of deficit, I gather—and then for some reason we have a surplus in the motor vehicle third party insurance fund, would the commission be transferring those deficits between the funds before it called on the Treasury to cover any deficit, even though we have that profit in one of the funds?

Mr BRIAN BURKE: In reply to the member for Nedlands, presently the SGIO does not have the authority to borrow money, so in the past we have not had to guarantee any borrowings. The Government would not be doing that.

Mr Hassell: It doesn't borrow at all? It doesn't have an overdraft?

Mr BRIAN BURKE: Its general manager says it does not have the power to borrow funds. We are now providing such a power. I would not think we would rush to guarantee anything the SGIO put to us. In the final analysis, if through its categories of industrial diseases insurance the commission ran into some heavy weather—and I am not saying this is likely—the Government would stand behind the commission. But we are not expecting that to happen. The total liability of the SGIO presently is exceeded by its total assets by a percentage in excess of 40 per cent.

Mr Hassell: But most of that will move into the corporation, and we are talking about the commission now. The commission will have special funds; it is required to have these different funds. If you have a deficit in one fund and a profit in another, will that profit be offset against the deficit before the commission asks the Treasury for help, or will Treasury be called on to cover the deficit?

Mr BRIAN BURKE: Already with the operations of the SGIO that situation occurs. It publishes one record which is the record of all its operations, including its loss-making and profit-making operations. The benefit that will accrue to members opposite and us is that we will have clearly identifiable loss-making areas of business. The SGIO will at least be able to say that, as a result of its efforts through the corporation, it has achieved a certain operating surplus. If the commission then says the result of its total operations is a surplus, but something less than that achieved by the corporation, or that its result is a total loss, that will be identified.

That is one of the main reasons we are separating the business in this manner. We want to be able to demonstrate to the community that the people of WA, through their taxes, are not paying for this surplus profit achieved by the commission or the SGIO. Presently we do not believe it is fair that the SGIO—or its management, its workers, or the community generally—should have its efforts weighed down by the loss-making obligations it has imposed on it. When the commission publishes its results, I would expect it to show a profit as the SGIO does now, but, at the end of the day, part of the profit might be digested by the losses in the other arms of its operations. I do not see the situation changing.

Mr Hassell: So in effect there will be cross-subsidisation.

Mr BRIAN BURKE: No. Cross-subsidisation prior to the declaration of the trading result is a different thing from saying, "As a commission these are our two arms—this result here and this result there." Presently we have one arm saying, "This is the result: Down here we have the loss and here the profit." It is not really cross-subsidisation. In the future we will be saying that as a commission we have two arms, one operating at a profit and the other at a loss.

Mr Hassell: Presumably the industrial diseases arm will operate at a loss, and someone will have to pay for that loss.

Mr BRIAN BURKE: The commission will pay for it out of its profitable operations. If I were not Treasurer it would be money out of one pocket into another, in the same pair of strides.

Clause put and passed.

Clauses 16 to 27 put and passed.

Clause 28: State Government Insurance Corporation established as a body corporate—

Mr MacKINNON: I raise a brief point, and it is not meant to be frivolous in any way. Subclause (5) says that notwithstanding subsection (1), the corporation may use and operate under a trading name approved by the Minister being (a) an abbreviation or adaptation of its corporate name, or (b) a name other than its corporate name. The undertaking I want from the Treasurer is that the Minister will ensure that does not contravene any other name registered by another company. I might be the ABC insurance company and the corporation could easily do an awful lot of damage to my company if it registered such a name. The

corporation would not be subject to the Business Names Act.

Mr BRIAN BURKE: I give the Deputy Leader of the Opposition an assurance that it will be subject to the Business Names Act, because we do not want to impinge on his insurance company.

Clause put and passed.

Clause 29: Board of directors—

Mr COURT: This clause refers to the managing director "who shall be a director and the chairman of the board ex officio". So the chief executive officer is also the chairman. Is that not an unusual situation in this sort of operation?

Mr Brian Burke: Hang on, I do not think you are right.

Mr COURT: Subclause (1)(a) says the managing director shall be a director and the chairman of the board ex officio. He is to be the chief executive officer and the chairman. Does that not imply he is to be both?

Mr Brian Burke: No, he will be a director and the chairman of the board of the corporation. He is the managing director of the corporation and chairman of the board.

Mr COURT: He is both managing director and chairman.

Mr Brian Burke: Yes, that is right.

Mr COURT: Is it not unusual to insist that the managing director also be chairman? It is normal to have two separate functions. I also ask who appoints the person to the combined position?

Mr Brian Burke: The commission appoints the person to the position within the corporation, so the commission will appoint the managing director of the corporation. It will also appoint the directors of the corporation.

Mr HASSELL: Where does that come in? Subclause (b) says there will be not less than two nor more than four other persons appointed as directors by the commission. I have not been able to pick up who appoints the managing director who is then a director and the chairman.

Mr BRIAN BURKE: Subclause (2) talks about the commission appointing the deputy chairman as well.

Mr Hassell: Yes, that is understood, but I cannot pick up reference to the managing director anywhere. I do not know whether this point has been missed.

Mr MacKinnon: Clause 5 says the board shall consist of six persons appointed as commissioners by the Governor on the nomination of the Minister and the managing director who shall be a commissioner ex officio. That managing director is the same person.

Mr BRIAN BURKE: Yes, the managing director of the commission and the corporation is the same person, and that person is appointed by the Minister along with those directors of the commission. The commission then appoints the directors other than that person to the corporation, and that is how it works. Is it the Opposition's view that the managing director should not be the chairman of the corporation?

Mr Court: The way you have appointed that chain of command there is no point in having a separate managing director and chairman. You have the same person right through the operation. One is the chief executive officer who looks after the day-to-day running of the corporation, and that same person is the chairman of the board. That is the case in some companies, but it is unusual to say that it must be the case.

Mr BRIAN BURKE: I do not know whether it is unusual to say it must be the case. Many chief executive officers are also chairmen of their companies; that is not unusual. I suppose the most unusual aspect is that the managing director of the commission and of the corporation will be the same person. At the same time it is true to say that the commission will be appointed by the Minister, including the managing director, dual as he is, and the corporation's directors will be appointed by the commission. Perhaps it is unusual to say that the managing director shall be the chairman, but I am not sure that that is the case.

Mr Court: Is there a specific reason you are insisting on it?

Mr BRIAN BURKE: Only to maintain continuity between the two organisations.

Mr Hassell: I am not sure it is so. I am looking at clause 5 which says that six persons are appointed as commissioners by the Governor on the nomination of the Minister, and the managing director shall be a director ex officio. That is the beginning and end of him. I cannot see any provision relating to how he is appointed and I cannot see where it says he is also to be the managing director of the corporation, unless it is in the definitions. Then when one gets to clause 29 one finds the same situation.

Mr BRIAN BURKE: I thought I understood it and I still think I do. My understanding of the legislation is that the managing director shall be the same person in each case and he shall be appointed by the Minister, along with the commissioners.

Mr Hassell: That is covered by clause 11 which says there shall be an office of managing director of the commission and he shall be appointed by the Governor. There is actually a definition of managing director; he shall be the chief executive officer.

Mr BRIAN BURKE: Clause 11 explains the appointment of the managing director by the Governor—that is, by the Minister.

Mr Hassell: All that is clear.

Mr BRIAN BURKE: Why does the Leader of the Opposition believe that the managing director referred to there is not the managing director referred to under the board of directors?

Mr Hassell: Because clause 3, Definitions, states—

“Managing director” means the chief executive officer of the Commission appointed under section 11;

Clause 11 refers particularly to the commission.

Mr BRIAN BURKE: That is right, but if we take the words “managing director” out, we then have “chief executive officer” of the commission who shall be the chairman of the board ex officio—that is, there is only one managing director.

Mr Court: But you can have a separate managing director of the commission, but not of the corporation.

Mr BRIAN BURKE: Yes. That is really not very odd. The corporation will be reporting through the managing director who will be a commissioner, quite properly, to the commission.

Mr Court: One of the ideas of having a board and its chairman is to have a house of review, so to speak.

Mr BRIAN BURKE: In that case, perhaps, it should be elected fairly. The other thing is, what would happen if there was a separate chairman represented as a commissioner? I think it is fair enough to say that the commissioner should be the most senior of the people on the corporation's board, the managing director and chairman of the corporation.

Mr Court: The idea of having a board is to make sure that the chairman of directors stays on the rails.

Mr BRIAN BURKE: That is the commission's job, too. I do not know that all these things are right. An outside chairman could be brought in to make sure the commission stays on the rails, policy-wise, in certain areas. However, very often also the chief executive is the chairman of the board.

Mr Court: I agree with that. However, I have never seen a case where it says they have to be the same person. I think that is unhealthy.

Mr BRIAN BURKE: I do not agree. In any case, I think it is fair enough having a commission having as one of its members the chairman of the board of the corporation.

Mr Court: The only other point I wish to raise is in clause 29(5) which refers to the director of the corporation being paid out of the funds of the corporation other allowances as are determined in his case. I understand that the word “his” is being taken out of legislation these days. The Treasurer might want to take this one out, too.

Mr BRIAN BURKE: We will consider that.

Clause put and passed.

Clauses 30 to 32 put and passed.

Clause 33: Corporation to comply with insurance laws—

Mr MacKINNON: As indicated during the second reading debate by me and by other speakers, we do not accept the limitations placed upon the corporation by the words in this clause, “Except as otherwise determined by the Minister.” In other words, the corporation must comply with all the conditions listed in subclauses (a) and (b) but there can be exceptions which the Minister may otherwise determine.

I also do not accept the explanation provided by the Treasurer previously that the reason that the exception cannot be deleted is a taxation one. That does not seem to be logical. The Treasurer has not given any authoritative source for that advice. As the Leader of the Opposition indicated during the second reading debate, there should be a method of administering that clause to cover that position.

I move amendment—

Page 19, line 19—To delete the words “Except as otherwise determined by the Minister”.

If that amendment is passed I will then move—

Page 19, after line 30—To insert a new subsection (2) as follows—

“(2) The Minister within 14 sitting days of receiving the accounts and statements that are to be supplied in accordance with subsection (1) shall present such accounts and statements, together with confirmation that the Corporation has observed in full the conditions outlined in paragraph (b) of subsection (1), to both Houses of Parliament to the extent and in the form that comparable information is customarily published in the annual reports of the insurance commissioner.”

That will ensure that not only does the corporation comply with that legislation, but also it is publicly seen to be doing so.

The other amendment which we would then move would be to insert a new subclause (3) which is designed to overcome any problem referred to by the Treasurer in relation to the income tax situation. There seems to be no justifiable argument as to why the amendments should not be accepted. There seems to be nothing to fear from the State Government Insurance Commission or the corporation from the insertion of that clause in the legislation. It would certainly give the industry and the Opposition much more confidence in the Government's sincerity in its pledge to ensure that the corporation, in particular, complied with all of the conditions currently applicable to insurers in the private sector.

Mr Brian Burke: I cannot say tonight whether the amendment will be accepted. It is involved. I will ask the SGIO to look at it and if we can we will let you know.

Mr MacKINNON: That is up to the Treasurer, but I believe that we will insist that the proposed clause is inserted. We have seen what happened with the commitment given by the Treasurer in October 1983. It was not worth the paper it was printed on or the air it was spoken into.

Mr HASSELL: The wording used in the amendment is appropriate. The clause, as it is written, absolutely destroys the assertion by the Treasurer that the corporation will be required to comply with the Commonwealth law because it leaves it entirely in the hands of the Minister of the day—which means the Government of the day—as to whether to grant the total exemption from the requirement to

supply accounts and the requirement to observe the solvency and the minimum valuation requirements imposed on insurers carrying on business in the State by Acts of the Commonwealth relating to insurance. These words “Except as otherwise determined by the Minister” were not in the 1983 legislation which is now in operation. Therefore, if what the Treasurer said earlier this evening is correct, the corporation, for however short a period—the present SGIO—will be liable to pay Commonwealth income tax.

Mr Brian Burke: It may well be liable for all sorts of Commonwealth taxes and charges. That is our legal advice.

Mr HASSELL: I am surprised the Treasurer allowed it to be put into the legislation.

Mr Brian Burke: We did not anticipate running into this problem with you people on this Bill.

Mr HASSELL: We have debated the Bill and raised questions in this House about it. What is the problem with that? The Bill was brought on today.

Mr Brian Burke: I was unaware that you would object to this part of the Bill.

Mr HASSELL: I do not know what this has to do with the fact that the 1983 legislation was brought into effect on 1 July, when according to what the Treasurer has said there is a liability arising and accruing every day for Commonwealth income tax.

Mr Brian Burke: I said there was a doubt. I did not say we were liable. I said that our legal advice was that it was unclear whether or not we would be liable for Commonwealth taxation and other charges.

Mr HASSELL: It is a pretty grave risk. If it goes for three weeks it will mean a large sum of money will go down the drain to the Commonwealth. There is no necessity for it. I doubt whether this legislation can be proclaimed in three weeks. It will take time to set it up and appoint the people. Has the Treasurer decided who the commissioner and members of the board will be?

Mr Brian Burke: No, we have not decided those things yet.

Mr HASSELL: The Treasurer has a pretty good idea. However, we will leave that aside because he will not tell us.

Mr Brian Burke: I have told you a lot of things which other Treasurers would not have told us.

Mr HASSELL: Let us not start the argument again. It makes me angry when I think of the questions that Government Ministers will not answer and which have been answered over the years as part of the normal operations of Parliament.

Mr Brian Burke: A lot of the information we provide to you was never provided to us. I can remember being refused permission to speak to departmental officers.

Mr HASSELL: What did the Minister for Education issue?

Mr Pearce: I provided briefings for your shadow Minister.

Mr HASSELL: What did the Minister for Education do? He issued an order that members of Parliament could not contact his departmental officers.

The CHAIRMAN: Order! We are debating clause 33 and nothing else.

Mr Pearce: Every shadow Minister since I have been Minister for Education has been briefed by departmental officers.

Mr Brian Burke: Do you know what we did? We even briefed the National Party!

Mr Clarko: You have to agree it is a blemish.

The CHAIRMAN: Order! I am pleased to know whom members have briefed and whom they have not briefed, but we are talking about the amendment moved by the Deputy Leader of the Opposition and the reason for his proposal.

Mr HASSELL: Government members may become concerned if they tell us whom they have debriefed.

The issues we have raised in relation to clause 33 goes to the very nub of the question of commercial equality. If the words, "Except as otherwise determined by the Minister", are left in this clause it will be open to the Minister—

Mr Brian Burke: One of the things you appear to have overlooked is the 1983 Act. The general manager has just reminded me that that Act subjects the SGIO to consult the Minister so we can obviate this problem.

Mr HASSELL: How can we obviate the problem?

Mr Brian Burke: In terms of compliance and non-compliance the 1983 Act does not put the same obligations—

Mr HASSELL: Is the Treasurer suggesting that the Minister could order the SGIO not to comply with the Act?

Mr Brian Burke: The 1983 Act does not have this compliance.

Mr HASSELL: The 1983 Act does have this compliance and I will read it to the Chamber.

Mr Brian Burke: The 1983 Act is subject to the direction of the Minister directly. You do not have a board between the Minister and the SGIO.

Mr HASSELL: It does not make any difference to clause 33.

Mr Brian Burke: The Minister can direct the SGIO quite directly.

Mr HASSELL: In this case he has to direct the commission to direct the SGIO.

Mr Brian Burke: That is correct. He can direct the SGIO in respect of these provisions quite directly.

Mr HASSELL: Section 7C of the 1983 Bill reads as follows—

In relation to the Trading Fund and the Life Insurance Fund constituted under this Act, the State Government Insurance Office shall comply with all solvency and minimum valuation basis requirements imposed by an Act of the Commonwealth Parliament on any person or body carrying on the business of insurance in Australia.

That is fundamentally no different from what is before us now. It is what applies now. The Treasurer has said that that subjects the SGIO in respect of the trading fund and the life insurance fund to the possibility of liability for Commonwealth income tax and other Commonwealth charges. That is the argument the Treasurer has put to the Chamber tonight. He says that to solve that problem he has inserted the words, "Except as otherwise determined by the Minister". The effect of inserting those words is without question to allow the Minister to exempt the corporation from the requirement to report under paragraph (a) and the requirement to observe solvency, etc., under paragraph (b).

If the Treasurer is genuine about what he said in his second reading speech and what he says he intends about competitive neutrality this clause simply must be amended. The Opposition's proposal to amend the clause is to delete the words, "Except as determined by the Minister", in order that the clause will read, "The board of directors shall cause the Corporation" to do certain things, and includes proposed subclause (3) which reads, "Nothing in this section shall impose any obligation on the Corporation, nor create any liability on the

part of the Corporation to pay any tax or charge under any law of the Commonwealth which it is not otherwise required by law to pay or for which it is liable”.

It is a clear enough amendment which will deal with the problem the Treasurer has identified. I do not want the corporation to pay Commonwealth tax. If the words, “Except as otherwise determined by the Minister”, remain in the Bill, the Treasurer will have completely nullified what he says he set out to do with this provision.

In addition, the Opposition is seeking to insert a provision similar to that which was inserted with the agreement of the Government in 1983 requiring the Minister to report to the Parliament because the present reporting provisions are only to the Minister. In 1983 we included subsection (9), with the consent of the Government in the upper House, to the effect that the Minister, within 14 sitting days of receiving the accounts and statements which are to be provided in accordance with subsection (8), shall present such accounts and statements to both Houses of Parliament to the extent and in the form that comparable information is customarily published in the annual reports of the Insurance Commission.

In other words, it completes the pattern of reporting, as agreed in 1983. The Treasurer is saying that under the new legislation we do not need a committee because we will have extra provisions. However, when we study the provisions put forward, we see that the requirements have been reduced.

Mr Brian Burke: That’s not true.

Mr HASSELL: Subclause (3) with respect to handing the reports to Parliament has certainly been taken out. In 1983 the requirements were accepted by the Government; its Minister accepted them. We have put up exactly the same provision in this legislation. The purposes of our amendments are two-fold: First, to make sure that the corporation is required as a matter of law to comply with the Commonwealth requirements. If we leave that clause as it is, that will not be required. The Minister will be able to remove it the day that it is inconvenient, which is contrary to everything the Treasurer has said. We would have to say that we are used to that sort of conduct, but this provision goes to the very nub of the issue. The second intention of this amendment is to require that the reporting that is done is then handed on to the Parliament. That is essential.

Mr BRIAN BURKE: As I indicated, I cannot say now that we will accept these amendments. It is highly unlikely that we will accept the three of them. I am advised that the legislation we are now considering establishes a corporation which is substantially different from that which previously existed and which still exists, namely, the State Government Insurance Office, which amounted to another Government department.

With respect to the corporation to be created by this legislation, our legal advice is that there needs to be precise and definite exclusion from the ambit of Commonwealth laws that impose income tax as well as a variety of other charges and taxes. As the corporation has share capital, which the SGIO did not, and as it is a corporation, which the SGIO was not, the Minister’s involvement in the SGIO is more compelling from the point of view of not paying those taxes and charges than it would be with a corporation which comes within the ambit of those laws quite deliberately, because the Commonwealth does not want corporations to avoid tax.

It may well be that we can accept the second of the three amendments moved by the Leader of the Opposition, but I cannot give an answer now. I will refer it to the SGIO and in due course let the Opposition know whether we can accept the amendment.

Mr Hassell: How do we deal with that? You must acknowledge that if you leave in the words, “except as otherwise determined by the Minister”, you take the guts out of the clause.

Mr BRIAN BURKE: I do not agree that that is the case at all.

Mr Hassell: Don’t you agree that on day one of the proclamation the Minister could say that the corporation did not have to comply with the provisions?

Mr BRIAN BURKE: I do not know that the Minister could say that the provisions need not be complied with, but I do know that even if he could he would do so at some sort of cost.

Mr Hassell: What cost?

Mr BRIAN BURKE: The cost of the disclosure of the insolvency, if that is what it is, of the SGIO.

Mr Hassell: After what we have just been through in relation to the 1983 legislation, you can’t seriously expect us to accept that that is any kind of a protection. The Minister would just do it; it would not even be announced. It might be discovered by accident later on. If

questions were asked, you could say it was convenient.

Mr BRIAN BURKE: It would certainly be discovered when the first annual report of the corporation or the commission was submitted.

Mr Hassell: Why? It would not necessarily show up in the report.

Mr BRIAN BURKE: I would have thought the solvency of the corporation would show up.

Mr Hassell: You might do it immediately on the solvency issue. You might do it simply to avoid the trouble of complying, because that suited you, because you are not really following competitive neutrality.

Mr BRIAN BURKE: The competitive neutrality question revolves completely around the solvency question. That is the only one that has been raised. It is there because of the solvency provisions.

I will refer the amendments to the SGIO and in another place the Minister handling the matter will inform the other place whether we can accept them. I cannot do so, and I think it is a bit unreasonable to be asked to accept them this evening.

Mr MacKINNON: I am disappointed with the response of the Treasurer.

Mr Taylor: How could you be disappointed in that?

Mr MacKINNON: I will explain to the Minister for Health why I am disappointed. First, let us consider the explanation by the Treasurer. He said that the corporation would be different from the State Government Insurance Office because it is a corporation and, as a corporation, may be liable for tax. I refer the Minister for Health to clause 28(3) which states—

The Corporation is an agent of the Crown in right of the State and enjoys the status, immunities and privileges of the Crown except as otherwise prescribed.

I would have thought that this clause quite clearly indicates that the corporation will not be subject to taxation in any way.

Mr Brian Burke: It doesn't.

Mr MacKINNON: Why not, and whose advice is that?

Mr Brian Burke: Simply because it is insufficient for the State to make that law and then claim the strength of the law that you say that it should be able to.

Mr MacKINNON: Again, the Treasurer makes that comment, but has not provided us with any justification for that other than his word this evening. We have already demonstrated that his word is not worth two bob. He has proffered no Crown Law advice, no professional advice from Price Waterhouse or Rothwells or anybody else for that matter; he has merely indicated that that is the case. It seems to me from my reading of the legislation that clause 28(3) would be sufficient.

Secondly, I turn to clause 39(4) which provides that further shares in the authorised capital of the corporation may from time to time be issued by the corporation and be taken up by the Treasurer, by the commission or by any other statutory authority with the approval of the Treasurer. Thus it is a wholly owned Government corporation and once again it seems, from my understanding of tax law—I do not claim to be a lawyer; I am an accountant by profession, as the Treasurer knows—that that would give the Government sufficient immunity.

Mr Brian Burke: Haven't you heard of the fringe benefits tax?

Mr MacKINNON: You bet I have! Is the SGIO not subject to fringe benefits tax? Of course, it is!

Mr Brian Burke: That's the point I am making. You can't just say you are an agent of the Crown or that you have the shield of the Crown and become ineligible to pay tax.

Mr MacKINNON: In any event, as the Leader of the Opposition said, that is covered in subclause (3) of the amendment. The Treasurer has indicated this evening that he is prepared to go away and consider these amendments. The only amendment he is considering incorporating is the second one.

Mr Brian Burke: I did not say that. I said we would have a look at each of the amendments, but the only indication I could give tonight of one that is likely to be accepted is the second of the three amendments.

Mr MacKINNON: That is exactly right. In other words, the other two parts of the amendment are unlikely to be accepted.

Mr Brian Burke: You did not even write this; it is not your amendment.

Mr MacKINNON: I wrote the amendment this afternoon. For the sake of accuracy and to save the time of the Parliament, I bothered to see one of the Clerks who wrote it in the present manner for me.

Mr Taylor: Did he correct the spelling errors?

Mr MacKINNON: He may have corrected the spelling errors.

Mr Brian Burke: The bottom part is that of the Leader of the Opposition.

Mr MacKINNON: The bottom part is that of the Leader of the Opposition. But all of that has absolutely nothing whatsoever to do with the amendment before the Chair. The point is that we do expect the Treasurer to accept this amendment; it is fundamental. The fundamental issue at stake is whether the new corporation will be subject to the same laws, regulations and requirements as private insurers. That is all that we are endeavouring to ensure. We do not wish to damage in any way the tax liability of the State Government Insurance Corporation. We do not wish to interfere in any way with its operations. We wish merely to ensure that it competes on as equal a basis as possible with private sector operators. The Treasurer has undertaken to consider the amendment. I would prefer that he accept the amendment and consider it. If he could then give us a justifiable reason as to why he could not accept it in that form, we could amend it in the Legislative Council and bring it back here.

It is quite clear to me that the Government has no intention whatsoever of ensuring that the corporation competes on equal terms and, more importantly, it has no intention whatsoever of ensuring that we, the Parliament, and hence the general public of Western Australia, know whether it complies in that regard.

Mr HASSELL: I go back to the fundamental point which is, if we leave in the words "except as otherwise determined by the Minister", the clause has no value whatever as far as the Parliament is concerned. It may as well not be there because it is there at the convenience of the Government. The very point of legislation which seeks to establish competitive neutrality is to put in provisions which must be complied with.

I was prepared to accept the bona fides of the Treasurer's position when he explained that there was a problem about Commonwealth tax. However, when I find that he is totally intransigent, as he has been in relation to it, I can only say, as I have said a number of times, that I very much suspect that the SGIO is having continuing difficulties with compliance. Indeed, that is the word I have had from a number of sources. The fact is that the Treasurer claims the Government has agreed that the SGIO should be required to comply and report on a permanent basis. Either that has been

agreed to or it has not. If it has been agreed to, this clause has to be amended. The Treasurer said only that he will look at it, but I have heard the Treasurer's talk before about looking at things. I have even heard his direct promises in relation to this kind of legislation.

Let us go back to the facts; the basic and indisputable fact is that if this clause stays as it is, it may as well not be there. It may as well be deleted and forgotten. The Government may as well tell the industry and the world that it will comply as far as it suits the Government's convenience, and as soon as the situation gets tough, the Minister will exempt it. I suspect that is what the Government wants to do; it wants to protect the corporation from having to comply with the provision at some time in the future. For all I know, that might be from day one.

Mr Brian Burke: Comply with what?

Mr HASSELL: Comply with these two subclauses. The clause opens with the words "Except as otherwise determined by the Minister". If those words remain, on any day of the week, at any time from the day this legislation is proclaimed, compliance can be exempted. That is not what the Treasurer told the Parliament in his second reading speech.

Mr Brian Burke: We are perfectly happy to amend the clause so that it is clear that the Minister does not have the discretion to exempt the corporation from complying with the solvency and minimum valuation basis requirements.

Mr HASSELL: What about the report referred to in paragraph (a)?

Mr Brian Burke: I do not immediately see a problem with it. I am trying to stress that our reason for using those words is as we have represented and the solvency and minimum valuation basis requirements do not present us with a problem. We are anxious that you know that, but we cannot accept this amendment without taking advice.

Mr HASSELL: I can understand that but until now the Treasurer has not acknowledged the fundamental point; he has continued to stone-wall on that point. If the words are left in we do not have a clause.

Mr Brian Burke: No. I am trying to accommodate you in your lack of conviction about the Government's good faith.

Mr HASSELL: I have not seen the good faith.

Mr MacKinnon: Can you blame us?

Mr Brian Burke: I do not know whether I can blame you or not. I am not interested in that. The solvency and minimum valuation basis requirements do not present a problem and we have given that guarantee to the industry.

Mr HASSELL: I know all about the Treasurer's guarantees. I know about the guarantee the Treasurer gave us three years ago. He gave those guarantees over and over again in this House, in the upper House, and in the debate. They count for nothing.

Mr Brian Burke: I do not think I will bother to try to treat you as though you are serious.

Mr HASSELL: The Government is introducing this legislation and the Treasurer said in his second reading speech that the corporation will have to comply with this provision. However, the provision does not state that it will have to comply. I do not know why the Government cannot approach this matter in a different way. Why does it not say that it is not too sure about the amendments, but it will accept them even though it may be necessary to change them when the Bill reaches the upper House because they have not been drafted well enough? That would at least acknowledge the problem. The Government has not done so, and if we have to listen to a lot of words we shall get nowhere. It must be stated in the Bill that the corporation must comply or we might as well forget about it. The Government should not represent it as it has done.

Amendment put and a division taken with the following result—

Ayes 13

Mr Bradshaw	Mr Lewis
Mr Cash	Mr Lightfoot
Mr Clarko	Mr MacKinnon
Mr Court	Mr Rushton
Mr Crane	Mr Thompson
Mr Hassell	Mr Spriggs
Mr Laurance	

(Teller)

Noes 22

Mrs Beggs	Mr Gordon Hill
Mr Bertram	Dr Lawrence
Mr Bridge	Mr Pearce
Mr Bryce	Mr D. L. Smith
Mr Brian Burke	Mr P. J. Smith
Mr Carr	Mr Taylor
Mr Peter Dowding	Mr Troy
Mr Evans	Mrs Watkins
Dr Gallop	Dr Watson
Mr Grill	Mr Wilson
Mrs Henderson	Mrs Buchanan

(Teller)

Pairs

Ayes	Noes
Mr Mensaros	Mr Marlborough
Mr Blaikie	Mr Hodge
Mr Williams	Mr Read
Mr Watt	Mr Thomas
Mr Schell	Mr Tom Jones
Mr Tubby	Mr Tonkin
Mr Cowan	Mr Terry Burke
Mr Nalder	Mr Parker

Amendment thus negatived.

Mr HASSELL: The Government having refused the amendment, I ask the Treasurer what precisely he will do about the matter.

Mr BRIAN BURKE: As I have indicated to the Leader of the Opposition, we will consider the nature of his amendments. I do not think we can be fairer than that. We are not rejecting them outright. I have given an undertaking that somehow or other we will amend clause 33 to make it clear that the Minister cannot absolve the corporation of the requirements in respect of solvency and minimum valuation basis requirements imposed on insurers carrying on business in the State by Act of the Commonwealth relating to insurance.

Mr Hassell: What about reporting?

Mr BRIAN BURKE: I want to think about reporting. I do not see a problem with that immediately, but I do not want to give a commitment. The Leader of the Opposition knows as well as I do that from time to time all sorts of reports are made in this place. I do not want to give a commitment which might cause us great problems. The main thing is that I have given an undertaking to frame an amendment to remove the Opposition's fear about exempting the corporation from requirements in those two areas, and I think that is what he is really after.

Clause put and passed.

Clause 34: Liability in respect or in lieu of taxation—

Mr HASSELL: I shall not keep the Committee a moment on this. Under clause 34(1) I take it fire insurance levies will have to be paid. Is the Treasurer satisfied? I have a lawyer's doubt about the wording. I know there are many words about what has to be paid. I know it says "all local government rates and charges and all land tax, metropolitan region improvement tax, water rates, pay-roll tax, stamp duties, and all other taxes, fees and charges imposed by the Government, its instrumentalities or agencies." Does the Treasurer have legal advice that that is adequate to ensure that fire insurance levies must be paid?

Mr BRIAN BURKE: Yes, we have that advice. We already pay the levy on motor vehicle insurance.

Mr Hassell: There are some property insurances on which it is not paid.

Mr BRIAN BURKE: I am not sure about that, but the general manager assures me not only does the wording lend itself to that amendment, but that the insurance corporation will be paying the fire brigade levy.

Clause put and passed.

Clauses 35 to 38 put and passed.

Clause 39: Capital of the Corporation—

Mr COURT: Where this clause refers to 50 per cent of the capital of the corporation which can be sold off, I presume it says that can be at a premium. Would it be possible to sell some shares off to a Government instrumentality—let us say the WADC—at a price lower than its market worth? Why does the Government want to sell off part of the corporation?

Mr BRIAN BURKE: We have no intention of selling any of it off. This is the same provision as that which applies with respect to the R & I Bank. Subclause (4) restricts ownership of that corporation to the public sector. This is a provision which allows the capital of the corporation to be increased.

Mr Court: Where it says that the commission shall at all times not hold less than 50 per cent, you are saying the balance would be held by another part of the public sector?

Mr BRIAN BURKE: It could be, but I would not think that would ever be the case. It is something on which we do not have a present policy. I would think that the commission would simply take up further shares in the corporation and would increase the corporation's capital in that way.

Mr Court: It would be all right for another public authority?

Mr BRIAN BURKE: Yes, another public authority.

Clause put and passed.

Clauses 40 to 47 put and passed.

Schedules 1 to 4 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Brian Burke (Treasurer), and transmitted to the Council.

ACTS AMENDMENT (ACTIONS FOR DAMAGES) BILL

Second Reading

Order of the Day read for the resumption of debate from 17 June.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Burkett) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clauses 1 to 4 put and passed.

Clause 5: Section 5 inserted—

Mr HASSELL: The difficulty which we have with this clause has already been referred to in the second reading debate. It is that the discount rate should not be fixed by the Governor because its fixation could be undertaken for the purpose of reducing damages rather than for the purpose of adjusting according to the vagaries of inflation, future changes in wage rates, and so on.

It is true that the Governor will act on the recommendation of the Attorney General in accordance with subclause 5 (2), and that the variation is to make allowances for those things I have mentioned—"...inflation, for future changes in rates of wages generally or of prices, and for tax (either actual or notional) upon income from investment of the sum awarded".

Mr Brian Burke: If we were not to act on this basis, it would be improper.

Mr HASSELL: It would be challengeable, but it would be difficult to challenge because it is difficult to challenge anything done by the Governor. If the power were given to the Minister, it would be easy. As it is, the lawyers would find a way around it and challenge the Attorney General's recommendation to the Governor, but it is extraordinarily awkward and difficult to do.

Mr Brian Burke: This Bill will provide for periodical payments, and that is not now the case.

Mr HASSELL: That is a separate issue.

Mr Brian Burke: But it touches upon the whole question of discount rate and it does mean that it is not quite so important. I understand your point, but I think that the opposite is the case. If we do not make it by regulation we will never change it and it will go into the history books unaltered forever. You know how hard it is to change something like that.

Mr HASSELL: I still think the point is one the Government should consider. I am only making the point because I want to have it on the record. It is a matter of some concern.

Clause put and passed.

Clause 6: Section 32 amended—

Mr BRIAN BURKE: I use this clause to indicate that my attention has been drawn to a word in page 3, line 3 which reads, "the present value of the future loss shall be qualified by adopting . . ."

It occurs to the member for Balcatta that the word "qualified" should read "quantified". He may well be right, and if he is the matter will be rectified in another place.

Clause put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Brian Burke (Treasurer), and transmitted to the Council.

WESTERN AUSTRALIAN TREASURY CORPORATION BILL

Second Reading

Debate resumed from 17 June.

MR COURT (Nedlands) [9.17 p.m.]: Mr Speaker—

As to Quorum

Mr SPRIGGS: Mr Speaker, I would like you to check the state of the House.

The SPEAKER: Order! Those people who have just gone out the door should return. Nobody on the floor of the House should move once I have been asked to check the state of the House.

Point of Order

Mr BRIAN BURKE: Mr Speaker, on a point of order, it really is not good enough for the member for Darling Range to stand up and say he wants you to check the House. He can draw your attention to the state of the House or call a quorum, but he cannot stand up and tell you to check the House.

Mr COURT: It is school holidays.

Mr BRIAN BURKE: It may be school holidays. If your speaker is not there, is there a problem with that?

Mr COURT: I am the speaker.

Mr BRIAN BURKE: I thought there was a problem in that you did not have your lead speaker, but it was a shrewd strategy! I will check out under my chair, and members opposite can check out under theirs!

The SPEAKER: Order! Thank you, Mr Treasurer, for raising that point of order. I do feel that there is something in what you are saying. I will just check the Standing Orders.

Several members interjected.

The SPEAKER: Order! I am quite flabbergasted by the behaviour of some members.

Mr Clarko: On a point of order, Mr Speaker—

The SPEAKER: There is no point of order from where the member for Karrinyup is standing.

Order! I have consulted the Standing Orders and on a cursory examination of them I find they have nothing to say about the precise terminology the member for Darling Range should have used. I presume he was drawing my attention to the lack of a quorum in the House. Is that correct?

Mr Spriggs: That is correct.

Quorum Resumed

The SPEAKER: In that case, I will count the House. Is the person who snuck behind there when I started still there?

Order! There is no quorum present—ring the bells.

[Quorum formed.]

Debate Resumed

Mr COURT: The Bill before the House tonight deals with the establishment of the Western Australian Treasury Corporation.

It will give the House a good opportunity to debate and examine the way in which the State borrows its funds and the different activities it

undertakes to do that. In the Treasurer's second reading speech he indicated that Western Australia was the first State to establish a Central Borrowing Authority. I believe Queensland actually established a semi-formal central borrowing authority prior to Western Australia, but the concern the Treasurer has, as I understand it, is that the Central Borrowing Authority, as it is currently constituted, might not legally fit in with the financial agreement with the Federal Government which controls the State's borrowing programme. That is the reason the Bill is being introduced.

At present the Treasurer is actually incorporated; the State itself cannot borrow because under the agreement with the Commonwealth only the Commonwealth Government can borrow. State authorities on the other hand can borrow within the guidelines of the Loan Council. The State has had to devise a way for the Treasurer to borrow on behalf of authorities and that is where the establishment of the Central Borrowing Authority came into being.

Doubt has been raised by the Commonwealth Solicitor General that the current arrangements through the Central Borrowing Authority might offend the financial agreement. I am told that the State Government's legal advice is that there is no problem, but an uncertainty was created by the Commonwealth Solicitor General raising this matter.

The concern locally is that when the Treasury and the Government borrow overseas, its legal representative must sign off the loan to the effect that there are no legal problems with the Central Borrowing Authority's borrowing. If any uncertainty about it is raised by the Commonwealth, it would certainly cause a problem.

There are two ways to solve this problem. The first would be to try to amend the financial agreement, and although I am not familiar with how that particular agreement was established or how it is administered, I believe that would be a difficult exercise. The second way to solve this problem would be to establish this corporation to take over the operations of the Central Borrowing Authority. The Bill, as I understand it, is similar to the Treasury Corporation Act that is in operation in New South Wales. We have a situation in which the new corporation established by this Bill basically does what the previous body did, but in a different form to help it comply with the requirements of meeting the financial agreement with the Commonwealth.

I would like to take this opportunity to say a few words about this whole question of overseas borrowing because this Bill has a great deal to say about what this corporation can do and how it can go about an overseas borrowing campaign. In the debate on the State Energy Commission, which we had earlier this week, the question of overseas borrowings was raised and I asked whether the SEC was the only body borrowing overseas. At the time the Minister and the Treasurer were not too sure about this particular matter, but as far as I know at present, the situation is that the SEC is the only authority which borrows overseas.

Mr Brian Burke: That is correct. It is most significant, but I am sure the Rural and Industries Bank does also.

Mr COURT: I do not think the R & I Bank is regarded as an authority. However the Treasurer said tonight that the SGIO does not borrow in itself.

Mr Brian Burke: It is certainly more significant than any of the others who do borrow overseas—I don't know whether there are any—but it is only in the last couple of years that we have been able to do so.

Mr COURT: I think the reason it is being left to the SEC—and the Central Borrowing Authority has not been borrowing overseas—is that it wants to establish a reputation and an image based on being a body that is in the overseas market. It has established a reputation and while the SEC has been borrowing domestically and overseas, the Central Borrowing Authority has been borrowing only locally.

It appears that it is the intention of the Government that future borrowings should go through this corporation. Will the SEC borrowings now be done through the new corporation? Currently the SEC is the only body, as I understand it, which borrows overseas. Will this new corporation have the ability to borrow overseas?

Mr Brian Burke: My understanding is that the SEC will continue to be able to borrow outside the corporation, but as you will know, all the SEC's borrowings are very closely coordinated with the Treasury anyway.

Mr COURT: So the SEC will be able to continue borrowing overseas and the Central Borrowing Authority will have a similar ability?

Mr Brian Burke: That is my understanding of the situation.

Mr COURT: I would be interested in that particular exercise if there is the intention to bring all the borrowings under the one corporation. When we return to the borrowings, initially the Central Borrowing Authority was set up in the 1970s when all the States had big borrowing campaigns going. For example, large smelters were established in New South Wales and Queensland, and the Muja D project was brought forward. At that time a lot of money was being required within Australia and the domestic market was not large enough to provide all those funds. It was a very tight domestic market. As a result of the large sums of money needed by the SEC, in particular, it decided to go offshore to find that money.

During the debate on the State Government Insurance Office legislation, the Minister concerned explained to us that the total costs of the overseas borrowings to the SEC until a month ago were less than or the same as they would have been had the money been borrowed domestically. He mentioned that the concern was, if the dollar kept dropping overseas, the borrowing programme would end up costing quite a bit of money.

From the standpoint of the 1970s it is a little difficult to predict what will happen 15 years down the track. However, when one starts to move into the overseas borrowing market, the danger exists that the Australian dollar may fall and it can become an expensive exercise. Some very good lessons can be learnt from the SEC's experience in this respect, because when it went into the marketplace in the 1970s there was a great difference between the cost of the funds locally and their cost overseas.

It is interesting to note that, until this year, it was still a cheaper exercise to borrow overseas. The aspect which the SEC will have to understand, as will the new Treasury Corporation if it moves into borrowing money overseas, is the nature of the fickle Australian dollar at present.

If the Australian currency continues to decline as it has done in the last couple of weeks, any Government which has large overseas borrowings could find itself with a lot of problems. It is all very well to say that one can hedge when one is borrowing overseas, but hedging costs a great deal of money and when one looks at the position which existed when the funds were first raised overseas, one sees that it was difficult to hedge at that time.

Mr Brian Burke: I understand that most of the funds raised then were not hedged.

Mr COURT: The first borrowings which were made in Japanese yen could not be hedged beyond six months. That position has changed now and a market exists in which one can hedge well out on six months, and certainly the United States dollar can be hedged. Some of the SEC's loans are hedged for the life of the loan.

However, one must be careful. Hedging costs money and one must weigh up whether it is worthwhile to go overseas to borrow or to borrow in the domestic marketplace. Certainly the time has come when everyone must be very cautious.

As I have said, it is obvious from this legislation that the new Treasury Corporation will be handling most of the borrowings, apart from the SEC's borrowings, and it will move into overseas borrowings to a greater extent. It is timely that we are debating this legislation during a period of high interest rates, high inflation rates, and a declining dollar, all of which are causing problems for the Australian economy. As a result, Treasury officers will have to be very careful in the way in which they proceed in this area.

Mr Brian Burke: Yes, but they are pretty good.

Mr COURT: I am not saying they are not good. I simply gave the history of the SEC's borrowings, because if the Australian dollar continues to decline, problems will occur. I do not know the exact details of the matter; I am just basing my comments on what the Minister told us the other night which was that, until a month ago, the cost of the overseas borrowing programme could be balanced against the cost of borrowing domestically. However, he indicated that now that the dollar had declined further, it could cost the SEC a great deal of money. This new Treasury Corporation could well find itself in the same situation. Who would have thought that the Australian dollar today would be worth approximately half its value two years ago when related to the Japanese yen? There has been a dramatic change in the value of the dollar.

Mr Brian Burke: What with the rain and the falling dollar, the farmers should be happy.

Mr COURT: The first 10 minutes of the news on television tonight was all doom and gloom, a position which must be similar to that which pertained during the depression.

Mr Cash: What is the dollar worth now?

Mr COURT: Concern was expressed on the news tonight that there is a distinct lack of confidence—

Mr Brian Burke: I think that is the big problem.

The SPEAKER: Order! What on earth does tonight's news have to do with this Bill?

Mr COURT: It has a great deal to do with this Bill. We are talking about the borrowings of Treasury and the fact that, if the Treasury is borrowing overseas and the dollar declines as it has during the last fortnight, the Treasury can lose a great deal of money. That is the concern I am expressing tonight.

I intend during the Committee stage to examine further how one controls an overseas borrowing programme. That is certainly the critical part of this legislation.

The proposed new Treasury Corporation and the SEC will be borrowing overseas and it is pertinent to note that earlier this week the Federal Treasurer announced significant changes would be made to the laws covering withholding tax on interest payments made by people who are borrowing overseas. I refer to an article which appeared in *The Sydney Morning Herald* of 2 July and read, in part, as follows—

In Canberra yesterday, the Federal Government announced significant changes to tax laws covering interest payments on money borrowed overseas. The moves are aimed at saving \$175 million in a full year and helping head off the critics of the tax concessions available to takeover raiders.

It went on—

But the decision will also mean big changes in the way government authorities and companies raise their loan finance.

Further on in the article reference was made to the sorts of problems which will be faced by the new Treasury Corporation. It read as follows—

But the decision's biggest impact will fall on public authorities—particularly State authorities, which in recent years have rapidly expanded their borrowings overseas, including issues in the so-called Eurodollar market.

The exemption from the 10 per cent withholding tax for these authorities will now be removed and they are likely to be forced back on to the local money market for funds.

That is another example of the fact that the cost of borrowings from overseas will increase. Perhaps the Treasurer would comment on the effect that might have, because it appears that this is a decision which has been made just prior to the ALP's national conference to try to appease those people who are concerned about the large level of private borrowings which are being used in the rash of takeovers occurring at present.

This is a significant Bill. I have explained the reasons that it has become necessary to introduce it and the Treasurer might care to confirm those reasons. The main concerns I have expressed tonight relate to the fact that if the new Treasury Corporation, which will take over the activities of the central borrowing authority, intends to borrow overseas, it is vital that strict guidelines are laid down—in the Committee stage I shall detail the way in which I would like to see some of those guidelines tightened up—and that the people involved take a cautious approach, bearing in mind today's money market.

Over the years the track record of the Treasury has been one of caution and it has been a good performer in that field. However, despite that cautious approach, 15 years down the track we are facing problems resulting from the major loans taken out overseas by the SEC—problems which are arising because the value of the Australian dollar has gone through the floor.

MR BRIAN BURKE (Balga—Treasurer) [9.40 p.m.]: I thank the member for Nedlands who, on behalf of the Opposition, very positively and constructively stated a point of view about this legislation which is significant but non-contentious. The member was certainly correct in his assessment of the purpose of the Bill and largely correct in his assessment of the reasons for its having been brought forward. He did not touch greatly on the need for coordination as the Treasury indicates there is that need; but at the same time the other reasons he advanced were quite right.

As to the overseas borrowings of authorities or of the Government, we acknowledge the things he had to say. It is notoriously difficult to predict the fluctuating fortunes of different currencies, particularly as the ground rules are changed as they have changed in recent months, with the deregulation of the financial market and the floating of the Australian dollar.

We are rightly very proud of Treasury and of officers like Bob Boylan (the Under Treasurer), Ross Bowe, Tony Lloyd, Ron Hazell, Gary Hall, and Jimmy Noney. All those officers are first class and in most cases have served this State very well under successive Governments. We acknowledge the need for caution, and we are confident that those officers, very capably led by Bob Boylan, in his understated and self-effacing way, will be able to discharge their responsibilities with the appropriate caution.

We thank the Opposition for its general support of the Bill. I have one or two amendments on the Notice Paper and I will move them at the appropriate stage. They refer to the need to back-date this legislation to 1 July.

Mr Court: Doesn't clause 2 say that the Bill will operate from then?

Mr BRIAN BURKE: Yes, but these amendments will back-date the effect of the legislation by talking about the regulations made under this Act. If the member looks at the Notice Paper he will see that the most meaningful of the amendments is the one that provides that "the first regulations made after the coming into operation of the Act . . . shall be deemed to have come into operation on 1 July 1986". We had hoped to have the legislation operating by that time to allow the regulations to operate from that time also.

I thank the member for Nedlands for his contribution and I commend the Bill to the House.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Burkett) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clause 1 put and passed.

Clause 2: *Commencement*—

Mr BRIAN BURKE: As indicated during the second reading reply, these amendments are required because the Bill failed to become operational by 1 July; they are necessary so that semi-Government and departmental borrowings can be legally sanctioned retrospectively. The series of amendments simply does that at the same time that it ensures there can be no offence by exempting any creation of an offence from any retrospective action.

I move an amendment—

Page 2, line 2—To insert after "This Act shall" the following—

"be deemed to have".

Amendment put and passed.

Clause, as amended, put and passed.

Clause 3: *Interpretation*—

Mr COURT: The definition of "financial institution" is given as "means financial institution situated inside or outside Australia". Previous Bills such as the Financial Administration and Audit Bill and certainly the Financial Institutions Duty Bill contained quite elaborate definitions of a financial institution. I would have thought this Bill required a tighter definition. Could the Treasurer comment?

Mr BRIAN BURKE: I do not know the answer to the member for Nedlands' question, but I will refer it to the Under Treasurer and have him inform the member of the reason for this different definition. My Committee notes do not refer to any difference. I do not know whether in fact there is a difference or, if there is, why there should be.

Clause put and passed.

Clause 4 put and passed.

Clause 5: *Western Australian Treasury Corporation established as body corporate*—

Mr COURT: Subclause (3) indicates that the corporation is not to be an agent of the Crown in right of the State and will not enjoy the status, immunities, and privileges of the Crown. This means it is separated from the Government, so to speak. If the corporation says it guarantees something, I take it that will not mean the Government guarantees it.

Further, can we question the corporation's activities through the Parliament?

Mr BRIAN BURKE: My understanding is that the answer to both questions is, "Yes". The clause is worded as it is specifically so that the corporation will not be construed as being the Crown or the representative of the Crown.

There is no question that the Government or the Treasurer will stand behind the corporation; further, there is no question that clause 5(2) identifies the person occupying the office of the Under Treasurer as the corporation with all rights and obligations normally applicable to a body corporate. In that case I do not think there is any doubt that the answer to the first question is, "Yes".

As to the second question, I cannot see why the member could not query the activities of the corporation in the Parliament.

Mr CASH: I do not think the Treasurer adequately answered the question raised by the member for Nedlands. He said we could ask questions, but are we going to get the same answers we have had for the last 18 months in respect of the WADC? The answer has been that the WADC is a commercial body and is not accountable to this Parliament, or words to that effect. I wonder whether the Treasurer, in his answer, is intending that that should be the answer to most questions about this corporation.

Mr BRIAN BURKE: Is it not amazing? The member should have stayed outside. We are making reasonable progress on a sensible basis, but the member has to come in, without having read the Bill, and without acknowledging the substantial differences between this Bill and that dealing with the Western Australian Development Corporation Act which resulted from Opposition decisions, and tries to build a political point that is shallow and superficial.

Mr Cash: Don't get excited.

Mr BRIAN BURKE: I am not getting excited.

Mr Cash: Go and have a few tablets and come back, and you will feel better.

Mr BRIAN BURKE: I am not getting excited. I am trying to point out that had the member bothered to read the Bill, he would see this is a substantially different Bill from that which constituted the WADC.

Mr Cash: Are you saying "Yes" or "No"?

Mr BRIAN BURKE: I am pointing out to the member that the nature of the legislation determines whether the body is responsible to the Minister or to the Parliament.

Mr Cash: Is that "Yes" or "No" to my question?

Mr BRIAN BURKE: Can the member not understand that if it is responsible to me as Treasurer I am obliged to answer for it?

Mr Cash: That is a "Yes", is it?

Mr BRIAN BURKE: Exactly, but I am trying to go behind—

Mr Cash: "Yes" or "No", not tricky answers like you usually give.

Mr BRIAN BURKE: I am trying to explain step by step so that in future perhaps the member will not have to ask a question that is unnecessary if he had bothered to read the Bill.

The WADC is not competently instructed by the Minister. This corporation is not only competently instructed by the Minister, who is in fact the Under Treasurer—

Mr Cash: That is a "Yes" to my question, is it?

Mr BRIAN BURKE: The member really does not understand.

Mr Cash: I understand.

Mr BRIAN BURKE: If the member does understand I am very pleased because it is a great credit to me that I am able to explain anything to his understanding.

Clause put and passed.

Clauses 6 to 8 put and passed.

Clause 9: Functions of Corporation—

Mr COURT: Clauses 9 and 10 are very important because they deal with the functions of the corporation and its general powers.

The CHAIRMAN: And we are now talking about clause 9,

Mr COURT: I mentioned clause 10 because these two clauses tie in with each other.

Mr Taylor: Do them together.

Mr COURT: I know the Minister may be trying to rush it—

Mr Brian Burke: You know as well as I do that the question was absolutely irrelevant. If he had read the Bill where it says that the corporation consists of the person for the time being holding or acting in the office of Under Treasurer, he would not have asked it. I was not trying to rush anything.

Mr COURT: I was referring to the Minister for Health who has experience in this field in the Treasury.

The first point I want to make is that subclause (1) (a) says that the functions of the corporation are to borrow moneys from any person and to lend moneys. I believe it should be more specific than "from any person". The Treasurer should approve those persons, and the corporation should not be able to enter into a commitment without the Treasurer's knowledge. I would like to see that tightened up, especially when one considers we are talking about very large sums of money.

Of course the whole question of borrowing funds overseas raises again the ogre of the Khemlani affair, and we all know what happened in that particular case.

The other point I want to make relates to subclause (2) which says, "The Corporation shall in the performance of its functions under this section act in accordance with proper principles of financial management and with a view to avoiding a loss." Is "avoiding a loss" an innovation in Bills? I have never seen that written into legislation.

Mr Brian Burke: I will refer those queries to the Under Treasurer. Avoiding a loss seems to be a good thing to put in, but I do not know why we are doing it on this occasion.

Clause put and passed.

Clause 10: General powers of Corporation—

Mr COURT: This is what I call the "Khemlani clause". It is under this clause that I believe the same sort of thing can occur as happened in that case.

Mr Taylor: Not if you know Treasury.

Mr COURT: Subclause (2) (a) says the corporation may enter into an agreement with any person. Paragraph (b) says it may borrow moneys inside or outside Australia in Australian currency and on such terms and conditions as the Treasurer approves. Under paragraph (g) the corporation may, with the Treasurer's approval, open and maintain accounts with financial institutions inside or outside Australia. They are foreign currency accounts, so the corporation could raise US dollars in the United States and leave the money offshore. It might be protecting itself against an exchange risk, which would be a sensible thing to do these days. How are these offshore accounts going to be properly accounted for? I would like an assurance about that.

Paragraph (h) says the corporation may from time to time and on such terms and conditions as it thinks fit enter into an agreement with a financial institution or other person, which agreement provides for the financial institution or other person to act as underwriter. That relates exactly to what happened in the Khemlani affair; members will recall that by sending a telex to Khemlani, Rex Connor committed the Government to that broker.

Mr Brian Burke: You are talking about clause 10 which sets out the general powers of the corporation. Paragraph (h) in particular goes to the way in which those powers in a comprehensive sense can be used to achieve the functions, but the functions under clause 9 (2) require the corporation to act in accordance with proper principles of financial management and with a view to avoiding a loss. So nothing in clause 10 can impinge upon the

functions; clause 10 does not change the functions.

Mr COURT: I know what the Treasurer is saying but I do not think he understands the point I am making. I know it is not easy to explain it. The Treasurer knows how the people who have billions of dollars that they want to lend work. He has probably had a lot of people approach Treasury with petrodollars to lend.

Mr Taylor: There are files inches thick in Treasury. Treasury replies to them, "Thank you for your interest."

Mr COURT: Rex Connor did not answer that way. He ended up committing the Australian Government to that broker and the Government had to pay sizeable fees. Subclause (2)(h) should not allow for deals to be made with brokers, but should restrict dealings to be made with principal lenders only. As the Treasurer said, there are hundreds of Khemlanis knocking on Governments' doors all the time. There is no reason why the Government should not deal with the principal lenders and not have to go through brokers.

I am not trying to be clever in using the Khemlani affair, but that was something that happened and a television series was made about it. Khemlani would ring up and say, "I found the money, do you want me to proceed?" and Connor would say, "Yes" and Khemlani took that as his agreeing with the deal. Khemlani kept coming back and saying, "I am nearly there; I nearly have the money." He took that as the go-ahead for being appointed as the broker.

There is that danger in this legislation. It is a danger that is commonly recognised in these types of dealings and subclause (2)(h) covers it. Subclause (2)(j) refers to the appointment of persons to act as registrars, etc. I think some sort of screening process has been included in the appointment of those people.

Clause 10 refers to the general powers of the corporation, which I believe should be tightened when we are dealing with the different people concerned in borrowing funds from overseas. The procedures have to be very clearly defined because recent history in Australia has proven that that sort of thing can get out of hand. I am not saying that Treasury is that silly; quite the contrary. I have a lot of faith in the operations of Treasury. However, I am saying that it can happen.

Mr BRIAN BURKE: I sympathise with the view expressed by the member for Nedlands, but it is extremely difficult to frame legislation

as strictly as would be necessary to eliminate any or all of the dangers to which he refers. It was drawn to my attention while he was speaking that the State Energy Commission is able to borrow from whomever it chooses and pay brokerage and commissions and all those sorts of things.

I believe that the general powers referred to in clause 10 by the member for Nedlands are governed by the functions referred to in clause 9. I will draw the member's comments to the attention of the Under Treasurer. I think they are substantial comments. Far be it from me to condemn people who deal with people like Khemlani. Believe it or not, there are people who have pinched money and who have been put in gaol, provided they are not knights and that they pinch enough.

Mr Cash: How do you know about that?

Mr BRIAN BURKE: I read about it in the newspapers. Is the member for Mt Lawley making some point?

Mr Thompson: Which knights have pinched money and do not go to jail?

Mr BRIAN BURKE: I really do not know. I am saying that we cannot frame legislation to guard against that sort of thing. The nasty streak of the member for Mt Lawley is obvious, but I was not aware that the member for Kalamunda had one too. We cannot insert a new subclause stating that the Under Treasurer cannot deal with thieves.

Mr Cash: You mean the Treasurer.

Mr BRIAN BURKE: No, I mean the Under Treasurer. He is the corporate body. Has the member for Mt Lawley read the Bill? I should have known; it is unbelievable that he has not. He wants us to take him seriously. The member for Nedlands is really showing him a thing or two. Without my being patronising, the member for Nedlands makes sense. However, the member for Mt Lawley languishes there and slips down so that no-one can see him across the seat in the front of him. He has not read the Bill but wants the legislation to say that the Treasurer shall not deal with thieves. The Treasurer does not deal with anyone in this Bill.

Mr Peter Dowding: Is he allowed to deal with the member for Mt Lawley?

Mr BRIAN BURKE: I guess he is, provided the legislation remains unamended.

I think this Bill is framed fairly tightly. I will draw the member for Nedlands' comments to the attention of the Under Treasurer. I agree

with the substance of his remarks and many of the things he said about Khemlani. We really cannot have a list of people which the Treasury should be warned off, similar to a list that exists on a racecourse.

Again, I do not know how we can frame legislation that is tight enough to protect anybody from dishonesty or foolishness.

Mr COURT: I was not making a point that a list of brokers which the Government should not deal with should be prepared. I was saying that the Government should deal with the principal lenders. It is a tactic of people selling finance, even around town, to push that finance. I could indicate that I require \$150 000 and a broker would run all over town to find that money and would then charge me a fee.

I refer now to subclause (7) which states that a person lending moneys to the corporation is not bound to inquire into the application of the moneys so lent or is in any way responsible for the non-application or misapplication thereof. It is an unusual requirement. If the corporation went to Westpac and said it wanted to buy 10 new locomotives for the Fremantle-Perth railway at a cost of \$10 billion and Westpac made a decision to lend that money, it would be reasonable for the bank to expect the money to be spent on the locomotives; however, the Government could actually spend it on erecting a bridge.

Mr Peter Dowding: That is not a constraint which exists in the SEC Act. Why write it into this legislation?

Mr COURT: The Minister for Employment and Training says it is not a constraint within the SEC Act but if the SEC wanted to borrow funds for the Muja power station the lender would weigh up the pros and cons of whether it was a good project.

Mr Peter Dowding: If it has a good credit rating it is loaned on the basis of the State's guarantee.

Mr COURT: In that case, the SEC would use the funds to build the project.

Mr Peter Dowding: It is done all the time. Money is borrowed and it is rolled over.

Mr COURT: I know we are talking about large sums of money, but does the Minister for Employment and Training think it is unreasonable that he cannot question what is happening to those funds?

Mr Peter Dowding: That is not how Government agencies are required to act.

Mr Brian Burke: We are not talking about project financing. We are talking about the worth of the borrower and the security of the loan. Often the lender will want to guarantee him or herself as to the particular project when you do not have someone of the substance of the State making the borrowing. You have a different situation. Most people would be prepared to lend to the State regardless of whether it changed the purpose for which it borrowed the money.

Mr COURT: That is an assumption which most of us have had for many years. What is being said in the financial Press at present is that we can no longer take that assumption for granted. The Press has become concerned about the credit rating of Australia.

Mr Brian Burke: Western Australia has just had a rating done, but I cannot recall what it is.

Mr COURT: Government members know as well as I that concerns about Australia are now being expressed by overseas people. I would have thought that a person lending large sums of money would be able to inquire as to what purpose the funds will be put.

Mr Brian Burke: You have narrowed this down to one type of loan. When the central borrowing authority issues securities they are for general Government purposes. You don't have a bond issue, or some issue of State Government securities, and you don't tell the investors that you have raised the money for three schools, nine bridges and four police horses.

Mr COURT: I am sure the Treasurer is alluding to the question of overseas borrowings. This Government will not go overseas to borrow small sums of money, it will borrow large sums.

Mr Brian Burke: I do not think we will be going overseas at all in the near future.

Mr COURT: I think the Treasurer is wise. However, that is the question I raise regarding this clause.

Clause put and passed.

Clauses 11 and 12 put and passed.

Clause 13: State guarantee—

Mr COURT: Is this guarantee limited to the Loan Council approvals and did the Loan Council put the limit on the guarantee?

Mr BRIAN BURKE: The limit is only restricted to the kind of money borrowed, but the amount of borrowings is restricted by the Loan Council's agreements reached annually by the Premiers with the Commonwealth.

The Loan Council does not restrict the guarantee, but the borrowings are restricted by the Loan Council's decision and then the guarantee is restricted by the borrower.

Mr COURT: Subclause (3) states that the Treasurer can set what fee he likes and pass it on to the authority which is borrowing the money.

Mr Brian Burke: Yes, that is right.

Mr COURT: That will give the ability of the Treasurer to pull excess funds out of the corporation.

Mr Brian Burke: It is a growing practice with guarantees. We are not providing them free of charge.

Mr COURT: Is there no limit to what can be charged?

Mr Brian Burke: No.

Clause put and passed.

Clause 14: Disposal of moneys borrowed by Corporation—

Mr COURT: Under this clause the money borrowed by a corporation can be used as a taxing measure on different authorities. The corporation can charge a fee to the different authorities for which it is borrowing money. Perhaps the Treasurer could give an explanation as to what the corporation's policy would be. As I see it, the corporation can vary the fee and actually use it as a taxing measure on the different QANGOS.

Mr BRIAN BURKE: I do not mean to sound less than helpful, but I am not aware of any policy. I am not aware of having received any recommendation from the Under Treasurer as to any practice to be followed in this matter. I rather suspect, without having been informed of a policy to apply, that the Under Treasurer would be seeking only to recover any costs associated with the activities undertaken on behalf of the authorities.

Mr Court: The central borrowing authority borrows for the authorities and I ask what fee it will charge.

Mr BRIAN BURKE: It does not charge a fee. It charges a particular authority a certain rate of interest on the money borrowed for it, but it is held as liquid balances until the authority needs it. In fact, it is the banker for the authority. This is how it covers its costs and makes funds from the short-term money market. It pays a flat rate of eight or nine per cent to the authorities and, for example, the Water Authority might say that it can earn more outside; that is how Treasury covers its costs.

Mr Court: That's exactly the point I am making here.

Mr BRIAN BURKE: That is how Treasury covers its costs now, but under this arrangement it will have the ability more fairly and accurately to reflect what we are earning on those balances in the payments we make to the authorities, but we charge them for our activities on their behalf.

Mr Court: And you can vary those fees according to how much you want to tax them?

Mr BRIAN BURKE: That is right.

Mr Court: It is a form of indirect tax on those authorities?

Mr BRIAN BURKE: That is right, but at the same time it is a very limited one. Fees must be charged.

Mr Court: In the past they have been very protective of their ability to borrow funds and control their funds.

Mr BRIAN BURKE: The authorities?

Mr Court: Yes. I think the Water Authority, for example, is very determined not to give away its ability to do its own borrowings.

Mr BRIAN BURKE: No, it does not have any ability to do any borrowings.

Mr Court: Not now, but it did.

Clause put and passed.

Clauses 15 and 16 put and passed.

Clause 17: Western Australian Treasury Corporation Account—

Mr COURT: Clause 17 allows for any surpluses that the corporation may have in its account to be temporarily invested. How will the corporation handle the investment of the surplus funds? Will it deal with registered dealers directly in investing the funds, or will it put them through the WADC for investment?

Mr BRIAN BURKE: That is a matter that is capable of change from time to time, but the key point is that the investments must comply with the Financial Administration and Audit Act 1985. That provides the safety required

and the responsibility or prudence that is required in the investment of public moneys. I do not know the proportions, but at present all sorts of different avenues are used, including the WADC, for part of Treasury's funds, but other investment options are used, explored or taken advantage of by Treasury.

Provided only that the Financial Administration and Audit Act is complied with, no instruction is issued to the Under Treasurer as to the method of his investment. I will stand corrected, but I think that at present about a quarter or a third—perhaps even a half—of the funds is handled by the WADC's money market operation.

Mr Court: So the other half is being handled directly?

Mr BRIAN BURKE: Yes, that is right.

Mr Court: Has that been the case since the WADC started?

Mr BRIAN BURKE: It is my understanding that the WADC does not handle all of Treasury's investments. I am not positive and I do not want to be accused of misleading the Chamber later on, but I understand that Treasury has never provided all of its funds to the WADC. In addition, many other sanctions are involved in what it has provided. I am sure the Under Treasurer would be happy to discuss it with the member and to tell him exactly what he does with the funds and in what proportion.

Mr Court: Of course we have formally asked the Under Treasurer to discuss it with us.

Mr BRIAN BURKE: Yes, I know that, but the member must understand that there is a difference between what the corporation is prepared to acknowledge publicly as a right under the way the WADC operates and what it is prepared to let people know, and the public concession—or the precedent that is set in conceding that someone has the right to certain information—is far different from providing the same information not as a right, but as a privilege. That is the big sticking point. Things went wrong when, in reacting to that sticking point, some people on the Opposition side went a bit overboard. That is very regrettable because I do not think the people in the WADC lack anything in good faith.

I am sure that the member for East Melville would agree with that comment. I only mention this matter because the Chairman of the WADC told me the other day, in case I heard it elsewhere, that the member for East Melville was a friend of his and that he intended to give him a briefing on something or other the cor-

poration was doing at Mandurah. I have not spoken to the member for East Melville about it, but I do not suppose that he has had any problem talking to the Development Corporation. I did not hear from the corporation that there had been any blue or any argument. I am sure that on that basis whatever information the Opposition wants could be gleaned from those people. In fact, they are more likely to cooperate with the Opposition than they are with us in ideological terms.

Mr COURT: I appreciate the answer given by the Treasurer. Because of the large sums of money dealt with by this corporation, it will have surpluses that it will have to invest temporarily. It was interesting that the Treasurer said that not all the surplus funds from the Treasury would go to the WADC. He estimated that perhaps approximately half of the funds may do so, and that it might invest them directly itself. I listened with interest to the comments the Treasurer made about how the member for East Melville could obtain information from the WADC. I think the Treasurer is missing the point. When dealing with taxpayers' funds, it is not a matter of whether someone is friendly with someone else or whether one has a good personal relationship with someone that would enable that person to glean the information. I would like to think that I have a good personal relationship with many people, but when talking about the taxpayers' funds it is not a matter of having to have a good personal relationship in order to find out anything. I would like to think that I have a good personal relationship with most of the people about whom we are speaking, but as a part of my job here I have to ask questions and make sure that taxpayers' funds are in safe hands.

I am sure that the Treasurer would appreciate that that is a responsibility I have and it is not a matter of whether I am friendly enough with someone to obtain information. That is a very amateurish, naive approach to take.

Mr Brian Burke: I was not suggesting that you get the information because you are friendly with anyone.

Mr COURT: That is exactly what the Treasurer implied. He said that the member for East Melville got on well with the chairman of the corporation and for that reason he would get a briefing about what was happening in Mandurah. I would have thought that the people of Mandurah should all know what is happening down there.

Mr Brian Burke: I do not see any problem with that either, but perhaps you are missing the point I am trying to make. It is not so much a matter of being friendly; it is a matter of trust. Whether friendly or unfriendly, the prime question is whether it is a right or a privilege. The WADC and I would maintain that as a right you do not have the right to demand certain information according to the law or according to the Statute that you passed.

Mr Hassell: According to the principles of Parliament you do though.

Mr Brian Burke: That's another question, but all I was saying is that everyone is human and if people are going to be pilloried they are going to be a bit gun-shy.

Mr Hassell: You are responsible for that. You have promoted them in their blockading of information.

Mr Brian Burke: I haven't.

Mr Hassell: You have promoted them because you have repeated the explanation you have given tonight at least 10 times in the last few years.

Mr Brian Burke: But that's what they have said to me.

The CHAIRMAN: Order! I just raise a point of order. I thought that this debate was progressing with a fair degree of excellence, but I do not think the interjections that are coming in are helping at all. I would prefer to hear the member for Nedlands.

A member: Good point of order!

The CHAIRMAN: Order! My comment was not a point of order. I was calling this Committee to order and I will not accept rude interjections from either side of this Chamber while I am in the Chair. I advise the Chamber to take that as a warning.

Mr COURT: I appreciated the opportunity to have that discussion on that matter. Those are the only comments that I have to make.

Clause put and passed.

Clauses 18 to 21 put and passed.

Clause 22: Regulations—

Mr BRIAN BURKE: I move an amendment—

Page 13, after line 12—To insert the following paragraph—

- (a) in the case of the first regulations so made after the coming into operation of this Act, provide that those regulations, except for any regulation or subregulation cre-

ating an offence, shall be deemed to have come into operation on 1 July 1986 and that any regulation or subregulation creating an offence shall come into operation on the day on which those regulations are published in the *Gazette*,

Amendment put and passed.

Clause, as amended, put and passed.

Part V heading—

Mr BRIAN BURKE: I move an amendment—

Page 14, line 1—To insert after “TRANSITIONAL” in the heading the following—

VALIDATION.

Amendment put and passed.

Heading, as amended, put and passed.

Clauses 23 and 24 put and passed.

New clause 25—

Mr BRIAN BURKE: I move—

Page 15, after line 27—To insert the following clause—

Validation

25. Any thing done—

- (a) on or before 1 July 1986; but
- (b) before the day on which this Act receives the Royal Assent,

that would have been lawful if this Act had been in force at the time when that thing was done is hereby validated and declared to have been lawfully done.

This amendment simply completes the process of validation.

New clause put and passed.

Schedule put and passed.

Title put and passed.

Bill reported with amendments.

House adjourned at 10.36 p.m.

QUESTIONS ON NOTICE

MANJIMUP CANNERY

Sale: Debt Clearance

621. Mr WATT, to the Minister for Industry and Technology:

- (1) Further to my question 128 of 12 June 1986, relating to the Manjimup cannery, and in respect of part (3) of his answer, could he advise what is the existing debt to the Government which must first be paid before a sale can proceed?
- (2) As the Manjimup cannery is in financial difficulty, where would the funds come from to clear the existing debt?
- (3) Will the purchaser be required to find the purchase price plus the outstanding debt to complete the purchase?

Mr BRYCE replied:

- (1) The net payout required by Government to enable the sale of the cannery's assets to proceed is \$2.1m.
- (2) Consolidated revenue.
- (3) No.

GOVERNMENT TRAVEL

Bookings: Instructions

623. Mr HASSELL, to the Minister for Tourism:

- (1) What is the precise instruction issued by the Government requiring bookings for travel through Holiday WA?
- (2) When was it issued?
- (3) On whose authority?

Mrs BEGGS replied:

- (1) to (3) A copy of the directive is tabled.
(See paper No. 253)

HEALTH

Children With Intellectual Disabilities Support Group: Letter

624. Mr CASH, to the Minister for Health:

- (1) Has he received a letter from the Children with Intellectual Disabilities Support Group in which concern is expressed as to the likely effects of the recently announced job freeze within Government departments?
- (2) Has a psychotherapist from the Irrabeena Centre recently resigned?

(3) If "Yes" to (2)—

- (a) is the position to be filled; and
 - (b) if so, when is a replacement psychotherapist likely to be appointed?
- (4) If "No" to (2), does he anticipate a reduction in the service level available to handicapped children?

Mr TAYLOR replied:

- (1) and (2) Yes.
- (3) (a) Application has been made to the Public Service Board and the Minister for Budget Management for all vacant professional staff positions to be filled.
- (b) When approval is obtained the position will be advertised immediately and filled as soon as possible thereafter.
- (4) Not applicable.

DEFENCE: VISITING VESSELS

Nuclear Accidents: Emergency Plans

625. Mr CASH, to the Honorary Minister assisting the Minister for Police and Emergency Services:

Can he advise on the Government's emergency plans which would be put into action in the event of a nuclear accident emanating from a vessel visiting Western Australia?

Mr GORDON HILL replied:

The Government has received a report relating to emergency plans. The report will be considered by Cabinet in due course.

TRANSPORT: WESTRAIL

Staff: Tea Breaks

630. Mr LAURANCE, to the Minister for Transport:

- (1) Has a decision been made by Westrail to do away with morning and afternoon teas for its staff at the Westrail Centre and provide vending machines instead?
- (2) If so, how much is it estimated this decision will save Westrail in a full year?

Mr TROY replied:

- (1) No. An evaluation of Westrail's tea service was conducted purely on economics of various options for the ser-

vice. This evaluation showed the cafe bar service to be the most economical. However, further studies of productivity losses revealed the productivity loss would far outweigh any savings from the cafe bar service.

(2) Not applicable.

HEALTH

Heart Valves: Overseas Manufacture

649. Mr COURT, to the Minister for Industry and Technology:

- (1) Is the Government aware that heart valves developed in Australia are being made overseas for the Chinese market by the Australian controlled Pacific/Biomedical Group?
- (2) If "Yes", will this affect the establishment of the heart valve plant at our technology park?

Mr BRYCE replied:

- (1) No.
- (2) No. The interim facility created at West Perth by Medical Incorporated is working to full capacity in the assembly of the omnicarbon cardiac valve prosthesis. Negotiations are scheduled to be completed in approximately August for the development of the facility at the technology park. At the current time exports from Western Australia are predominantly to the European and Canadian markets.

TOURISM DEVELOPMENT PLAN

South-west Region

653. Mr BRADSHAW, to the Minister for Tourism:

- (1) Does she plan to implement any recommendations of the tourism development plan—south-west region?
- (2) If so, which ones?
- (3) If she is still considering the plan, when can a decision be expected?
- (4) Does she support the recommendation to close certain tourist bureaux in the south-west?

Mrs BEGGS replied:

- (1) to (3) As the honourable member would be aware, the public submissions called for in each of the tourism development plans closed on 30

June 1986. The submissions will be assessed by the commission in conjunction with tourism bodies and groups in the south-west region.

Following this assessment, a report on the views submitted and the Western Australian Tourism Commission recommendations will be made to me.

- (4) There is no recommendation in the consultant's report to close down any bureaux or information centres.

HEALTH: HOSPITALS

Teaching: Patient Statistics

656. Mr BRADSHAW, to the Minister for Health:

- (1) How many people are registered for any type of medical service requiring to be hospitalised at each of the teaching hospitals in Western Australia?
- (2) What were the same statistics for the previous three years?

Mr TAYLOR replied:

- (1) Patients are registered at teaching hospitals on attendance at the hospital.
- (2)

Royal Perth Hospital

	Registered Outpatients * (Occasions of Service)	Registered Admissions	Registered Accident and Emergency Patients * (Occasions of Service)
1982-83	429 337+	37 922	Not available
1983-84	447 492	38 602	65 556
1984-85	451 296	39 090	74 042

+ The VD clinic was separated from the RPH Outpatients for accounting purposes on 1 July 1983.

Sir Charles Gairdner Hospital

	Registered Outpatients * (Occasions of Service)	Registered Admissions	Registered Accident and Emergency Patients * (Occasions of Service)
1982-83	274 753	25 888	36 994
1983-84	363 762	28 314	37 299
1984-85	326 496	30 065	40 012

Fremantle

	Registered Outpatients * (Occasions of Service)	Registered Admissions	Registered Accident and Emergency Patients * (Occasions of Service)
1982-83	259 341	14 705	67 832
1983-84	265 999	15 947	77 889
1984-85	272 379	15 843	83 591

Princess Margaret Hospital

	Registered Outpatients * (Occasions of Service)	Registered Admissions	Registered Accident and Emergency Patients * (Occasions of Service)
1982-83	253 355	15 753	55 504
1983-84	305 995	16 387	66 121
1984-85	260 685	16 474	65 073

King Edward Memorial Hospital

	Registered Outpatients * (Occasions of Service)	Registered Admissions	Registered Accident and Emergency Patients * (Occasions of Service)
1982-83	86 155	12 668	4 504
1983-84	111 498	12 408	5 136
1984-85	366 952	13 573	5 730

* Includes re-registration of patients who re-attend OPD or A & E Departments.

HEALTH

Drugs: 24-hour Information Line

663. Mr BRADSHAW, to the Minister for Health:

- (1) Adverting to question 316 of 18 June 1986, how does he reconcile the answers with the article in *Headway*

page 19, May/June 1986 issue headed "24 hour drug info line opens"?

- (2) How many calls are received per week to the new service?
- (3) How many people are employed in the new service?

Mr TAYLOR replied:

- (1) Question 316 related to "after hours" telephone service and was interpreted as such; that is, between the hours 5.00 p.m. and 8.30 a.m.

The new alcohol and drug information service which is an initiative under the national campaign against drug abuse, operates between 8.30 a.m. and 9.30 p.m. Calls outside these times are dealt with by interim drug detoxification unit staff.

- (2) 140 per week on average.
- (3) Three staff members are employed on roster at present, however, this is subject to ongoing review under the national campaign against drug abuse arrangements.

TRANSPORT: BUSES

School: Review Committee

664. Mr SCHELL, to the Minister for Education:

- (1) Why is the departmental school bus review committee made up entirely of departmental officers?
- (2) Why was representation from the Western Australian Council of State Schools Organisation, or a concerned parent group, not considered when this committee was formed?

Mr PEARCE replied:

- (1) and (2) The school bus review committee will have the ability to second onto the committee or sub-committees representatives of any concerned groups including the Western Australian Council of State Schools Organisations. These sub-committees will be established to provide expertise in any particular area that the committee feels appropriate.

WATER RESOURCES

Country: Income

665. Mr SCHELL, to the Honorary Minister assisting the Minister for Water Resources:

- (1) What is the total income from the country water supply?
- (2) Has the goldfields and agricultural water supply reached its designated capacity?

Mr BRIDGE replied:

- (1) \$45 363 834.
- (2) No.

TECHNICAL AND FURTHER EDUCATION

Perth: Building Cost

666. Mr MacKINNON, to the Minister representing the Minister for Works and Services:

When can I expect the comprehensive report on all matters associated with the Perth Technical College project, as indicated by the Minister in answer to question 48 of 11 June 1986?

Mr PEARCE replied:

As previously advised, the Minister for Works will provide the information to the member as soon as the report on this matter is completed and analysed.

HONORARY REMUNERATION

Ministers of the Crown

667. Mr MacKINNON, to the Premier:

- (1) Were the two Honorary Ministers paid any extra allowances or salary by the Government from the date of their appointment?
- (2) If so, how much has been paid to those Ministers to date?

Mr BRIAN BURKE replied:

- (1) and (2) No ministerial salary or expense allowance is paid to Honorary Ministers. Honorary Ministers are entitled to travel allowance of \$100/day on official business, as per Ministers. (Determination of the Salaries and Allowances Tribunal.)

Honorary Ministers may also have 100 per cent of their home telephone accounts met by their respective departments.

STATE ENERGY COMMISSION

Borrowings

668. Mr MacKINNON, to the Minister for Minerals and Energy:

- (1) In determining energy tariffs for the 1986-87 year, what level of borrowings has been approved for the State Energy Commission other than those previously approved for the Dampier-Wagerup gas pipeline?
- (2) What percentage of the commission's operations for 1986-87 is to be funded from tariff revenue?
- (3) What is the amount of capital expenditure to be committed to the rural contributory extension schemes during 1986-87?

Mr PARKER replied:

- (1) The State Energy Commission is seeking approval of new borrowings totalling \$215.0 million for 1986-87.
- (2) During 1986-87, revenue from sales of electricity and gas is expected to fund 98 per cent of operating expenditure.
- (3) In 1986-87 \$5.0 million has been budgeted for rural contributory extension schemes.

STATE ENERGY COMMISSION

Joint Union's Advisory Council

669. Mr MacKINNON, to the Minister for Minerals and Energy:

- (1) Does the State Energy Commission still have a joint unions' advisory council established within the commission?
- (2) Who are the members of that advisory council?

Mr PARKER replied:

- (1) Yes.
- (2) Representatives nominated by unions party to State Energy Commission industrial awards.

STATE ENERGY COMMISSION

Polychlorinated Biphenyls: Storage

670. Mr MacKINNON, to the Minister for Minerals and Energy:

- (1) Where are the polychlorinated biphenyls currently stored by the State Energy Commission?

- (2) What quantity of the polychlorinated biphenyls are stored?
- (3) Is it planned to continue storing the polychlorinated biphenyls in this location?
- (4) If not, where is it anticipated they will be stored thereafter?

Mr PARKER replied:

- (1) Disused substation buildings at Russell Road, Wattleup, and Hope Valley Road, Hope Valley.
- (2) The precise volume of PCB cannot be estimated accurately. It would require opening each type of capacitor and measuring the amount of PCB. It is safer to leave the capacitors intact. The exact amount of PCB is not a crucial matter. The best estimate available is 4 000 to 5 000 litres.
- (3) Yes.
- (4) Not applicable.

FLORA: PALMS

Imports: Control

671. Mr MacKINNON, to the Minister for Agriculture:

- (1) Is there any regulation or control applied to the importation of palms into Western Australia?
- (2) If so, what is that control and where is it exercised?
- (3) Is he aware that large numbers of potted palms are being imported into Western Australia?

Mr GRILL replied:

From Interstate.

- (1) Yes. The Plant Diseases Act and regulations.
- (2) Imports are required to be declared and presented for inspection and treatment. This is controlled and supervised by inspection staff at the agricultural checkpoint, Norseman; Kalgoorlie rail terminal; Kewdale and East Perth rail terminals and various road transport terminals and Perth airport.

(3) Yes.

From Overseas

- (1) Yes. Commonwealth Quarantine Act.

- (2) Permit system and post-entry quarantine which involves fumigation and growth in quarantine glasshouses.

- (3) Very small numbers only.

MINERAL: COAL

Collie: Stockpile

672. Mr MacKINNON, to the Minister for Minerals and Energy:

- (1) Does he recall the answer to question 455 of 24 June 1986, indicating that a detailed review of gas and coal contracts and of the State Energy Commission's financial position determined that a saving of about \$40 million in present value terms could be made by stockpiling coal in preference to holding gas in the ground?
- (2) What is the current estimate of the saving in present value terms that will be made by stockpiling coal in Collie in preference to holding gas in the ground?

Mr PARKER replied:

- (1) Yes.
- (2) The savings depend on assumptions about current and future oil prices. The estimate will vary as expectations on future oil prices change.

A firm estimate depends on the assumptions used for oil prices during the next 10 to 15 years. However, all studies undertaken to date continue to show significant savings under a range of oil price scenarios.

STOCK: SALEYARDS

Midland: Future Use

673. Mr MacKINNON, to the Minister for Agriculture:

Given that the Government has indicated that the Midland saleyards will continue to be used as such for the foreseeable future, what is the foreseeable future in this case—

- (a) five years;
- (b) 10 years; or
- (c) 15 years?

Mr GRILL replied:

In excess of 15 years if necessary.

MEMBER FOR WARREN

Allowances

674. Mr MacKINNON, to the Premier:

- (1) Is the member for Warren provided with an office and secretarial support services as part of his role as adviser to him on agricultural matters?
- (2) If so, where is the office located?
- (3) How many staff are allocated to the member for Warren on either a full-time or part-time basis?
- (4) What is the estimated cost of providing these services to the member for Warren?
- (5) Has he any other advisers on agricultural matters attached to his office?
- (6) If so, will he provide the names of those advisers?

Mr BRIAN BURKE replied:

- (1) to (6) The member for Warren has access to an office on the 19th floor of City Mutual Tower. Any requirement for assistance is met from existing resources within the Department of Premier and Cabinet.

EDUCATION DEPARTMENT

Truant Officers

675. Mr MacKINNON, to the Minister for Education:

- (1) How many truant officers are employed by the Education Department?
- (2) How many weeks of annual leave are enjoyed by the truant officers?
- (3) Within the Education Department to whom do the truant officers report?

Mr PEARCE replied:

- (1) In 1957 the title of "compulsory officer" or the age old pseudonym of "truant officer" was altered by the Public Service Arbitrator to "welfare officer" and thereafter appeared under the Public Service Classification List as "school welfare officer".

At this time there are 10 school welfare officers, one senior school welfare officer and one supervisor, school welfare.

- (2) Normal four weeks' Public Service leave.

- (3) For decisions outside the normal authority of school welfare officers to the supervisor, school welfare.

For decisions affecting departmental policy from the supervisor to the assistant director of schools, secondary and assistant director of schools, primary respectively.

INDUSTRIAL AWARDS

Increases: Budget

676. Mr MacKINNON, to the Premier:

- (1) What allowance was used, in percentage terms, for award increases to be granted in 1985-86, when framing the 1985-86 budget?
- (2) What was the actual amount, in percentage terms, of award increases in 1985-86?
- (3) What was the amount, in dollar terms, budgeted for award increases in the 1985-86 budget?
- (4) What was the actual amount paid in award increases by the Government, in dollar terms, in 1985-86?
- (5) What allowance was used, in percentage terms, for additional staff appointments in 1985-86?
- (6) What was the actual amount, in percentage terms, of additional staff appointments in 1985-86?
- (7) What allowance was used, in percentage terms, for the implementation of broadbanding, when framing the 1985-86 budget?
- (8) When was broadbanding introduced?
- (9) Given that he has said that broadbanding will cost an additional 2.1 per cent of the State's wages' and salary budget in 1986-87, and given that that 2.1 per cent is the equivalent of over \$42 million, would he explain his statement to Parliament on 11 June this year, when he said broadbanding would save millions of dollars?

Mr BRIAN BURKE replied:

- (1) 3.3 per cent.
- (2) 2.45 per cent (estimate).

- (3) \$62.0 million.

- (4) \$46.0 million. (Estimated actual cost is in respect of departments and agencies principally funded from the Consolidated Revenue Fund and does not, for example, include other Government agencies such as State Energy Commission, Homeswest, Main Roads, etc.)

- (5) 0.6 per cent.

- (6) As this information is maintained by individual departments the actual figures are not readily available. However, details of establishment numbers and salary and wage costs would be available from the 1986-87 Estimates when the Budget is presented to Parliament.

- (7) Nil.

- (8) 1 November 1985.

- (9) It is not possible, at this stage, to quantify the final cost of broadbanding nor the long-term off-setting saving expected to eventuate. The increase of 2.1 per cent represents the estimated cost of all annual increments due under broadbanding and also increments for teachers, hospital employees etc., who are not under the broadbanding arrangements. The figure is not therefore an additional cost.

GOVERNMENT AGENCIES

Creation

677. Mr CASH, to the Premier:

- (1) Will he advise when I may expect to receive an answer to question 154 of 1986 which seeks the names of all new Government agencies created since his Government came to office in 1983?
- (2) What is the reason for the delay in answering this question?

Mr BRIAN BURKE replied:

- (1) As soon as the information is available.
- (2) The question is poorly framed and difficult to follow.

WORKS: BUILDING MANAGEMENT AUTHORITY

Tenders: Apprentices

678. Mr LEWIS, to the Minister representing the Minister for Works and Services:

- (1) Has the Building Management Authority a policy on the calling and letting of building and construction tenders that require a successful tenderer to employ indentured apprentices?
- (2) If so, what is the formula or requirement for the tender as submitted to comply or be eligible to be awarded the contract?
- (3) If indentured apprentices are required, are specific apprentices nominated or bound to a specific contract or are they able to be nominated to other successful tenders notwithstanding their nomination and inclusion to a specific continuing contract?

Mr PEARCE replied:

- (1) Yes.
- (2) The formula is a separate sliding scale for the head contract and each of the various trade categories and, according to the value of each component of the contract, provides for a mix of directly indentured and "out of trade apprentices". (The latter are acquired from pools controlled by the Master Builders' Association and the industrial training division).
- (3) The required indentured apprentices refer only to the tenderer and not to the actual contract, and they can be nominated by the contractor in qualifying for other tenders.

HOMESWEST

Tenders: Apprentices

679. Mr LEWIS, to the Minister for Housing:

- (1) Has Homeswest a policy on the calling and letting of building and construction tenders that requires a successful tenderer to employ indentured apprentices?
- (2) If so, what is the formula or requirement for the tender as submitted to comply or be eligible to be awarded the contract?

- (3) If indentured apprentices are required, are specific apprentices nominated or bound to a specific contract or are they able to be nominated to other successful tenders notwithstanding their nomination and inclusion to a specific continuing contract?

Mr WILSON replied:

- (1) and (2) Homeswest supports the Government's endeavours to foster apprentice employment and training by requiring that, for tenders over a certain size, the employment of an indentured apprentice or apprentices is required.

Where a tender has an apprentice requirement attached to it, the tenderer must at time of tendering have in his employ at least one registered indentured (not a probationary) apprentice. The conditions of tendering together with advice as to the number of indentured apprentices which will be required, are clearly stated in the tender documents. Tenders which do not comply with the requirement are invalid.

The number of apprentices required for various contract levels is assessed by a formula which takes into account the number and size of units involved in the contract. For the member's information, the formula is—

- (a) Multiply the number of same dwelling type forming the tender by the factor from the following table—

Dwelling Type	Factor
Bedsitter and 1 Bedroom	5
2 Bedroom	8
3, 4, and 5 Bedroom	10

- (b) If one dwelling type forms the tender, the product is the "tender weight".
- (c) If more than one dwelling type forms the tender, repeat (a) for each dwelling type and add the products to obtain the "tender weight".
- (d) Using the "tender weight" obtained by (b) or (c), the number of apprentices shall be in accordance with the following table—

"Tender Weight"	Apprentices
0 to 45 inclusive	0
46 to 115 inclusive	1
116 to 195 inclusive	2
196 to 285 inclusive	3
286 to 385 inclusive	4
386 to 485 inclusive	5

Tenderers must also, at the time of tendering, nominate at least one subcontractor who will be engaged should the tender be successful and who has in his employ, and indentured to him at the time of tendering, at least one apprentice. Upon being awarded the contract the successful tenderer must engage subcontractors who, collectively, have in their employ and indentured to them, apprentices at least equal to the number of apprentices nominated in the tender documents.

- (3) A tenderer who has already been awarded a Homeswest building contract or contracts cannot use the number of apprentices that are required for existing contract(s) to qualify as a tenderer for a new contract until 75 per cent of the already contracted works have been completed.

The member is of course, quite at liberty to inspect tender documents at any time he so desires. If he has any doubts as to the clarity of the requirement stated, I would be pleased to receive his comments.

For the member's further information, I would advise that the matter of apprenticeship employment has recently been addressed by a comprehensive study by a consultant, carried out for the Minister for Employment and Training.

Finally, and notwithstanding the member's apparent opposition to the employment of apprentices, or at least, his belief as stated in the Press, that conditions applied to tenders can be manipulated at will, I advise that I and the Homeswest board support and will continue to support the encouragement provided for employment and training of young people by the application of such conditions.

WATER AUTHORITY

Tenders: Apprentices

680. Mr LEWIS, to the Honorary Minister assisting the Minister for Water Resources:

- (1) Has the Water Authority of Western Australia a policy on the calling and letting of building and construction tenders that require a successful tenderer to employ indentured apprentices?
- (2) If so, what is the formula or requirement for the tender as submitted to comply or be eligible to be awarded the contract?
- (3) If indentured apprentices are required, are specific apprentices nominated or bound to a specific contract or are they able to be nominated to other successful tenders notwithstanding their nomination and inclusion to a specific continuing contract?

Mr BRIDGE replied:

- (1) No.
- (2) and (3) Not applicable.

CHEMICAL

DDT: Use

682. Mr RUSHTON, to the Minister for Health:

- (1) Is the use of DDT still allowed in Western Australia?
- (2) If "Yes", under what conditions and restrictions is DDT used?
- (3) Who is allowed to use DDT?

Mr TAYLOR replied:

- (1) Yes.
- (2) DDT may only be used in accordance with the registered label of the product.

DDT is registered for control of specific insect pests on cereals, rapeseed, linseed, almond trees, apple trees, vines, pasture legumes for seed production only and as a bare ground treatment in vegetable production.

The use on cereals will be deleted as from 30 June 1988.

The remaining uses of DDT are considered very minor and present alternatives available are even less desirable but as suitable alternatives are found, these uses will also be deleted.

- (3) No restriction is imposed on who may use DDT. The purposes for which it may be used, and its unavailability in small packages virtually restricts its use to commercial situations.

CHEMICAL

DDT: Ban

683. Mr RUSHTON, to the Minister for Agriculture:

- (1) Is he aware—
- (a) the United States of America and some European countries totally ban the use of DDT;
 - (b) the World Health Organisation recommended the ban on the use of DDT;
 - (c) the previous Health Minister, when visiting Dwellingup in answering a question, indicated there was a total ban on the use of DDT?
- (2) Is there presently a total ban on using DDT in Western Australia?
- (3) If "No" to (2), is it intended to introduce a total ban on the use of DDT?

Mr GRILL replied:

- (1) (a) Yes;
 (b) Yes;
 (c) no.
- (2) No.
- (3) Not at present.

PLANNING: REZONING

Drive-in Theatre Site: Port Hedland

684. Mr LAURANCE, to the Minister for Planning:

- (1) Has the drive-in theatre site at Port Hedland been rezoned for a shopping centre development?
- (2) If not, what is the current position?

Mr PEARCE replied:

- (1) No.
- (2) The Port Hedland district town planning scheme No. 4 has been granted final approval showing the drive-in theatre site as a "special site—drive-in theatre". The scheme will be gazetted shortly.

Council has resolved to amend the scheme, when it is gazetted, to rezone the drive-in theatre site to "special site—supermarket and associated specialty shops".

ROAD

Meekatharra-Wiluna: Improvement

686. Mr LAURANCE, to the Minister for Transport:

What response has he given to recent approaches by the Wiluna Shire Council seeking improvements to the Meekatharra-Wiluna Road?

Mr TROY replied:

The Wiluna Shire Council has been advised that the cost of major upgrading of the Wiluna-Meekatharra Road is estimated by the Main Roads Department to be in excess of \$10.0m to a gravel stage and \$27.0m for a sealed road. However, the relatively low traffic volume on the road at this stage would make it difficult to justify such large expenditures given the department's financial constraints and the many other worthwhile projects competing for the limited road funds available.

The future alignment of the road and its upgrading is therefore likely to depend on the mining development which may occur at Wiluna and in the area between Leinster and Meekatharra. In addition the long-term objective of developing the most appropriate connection between the goldfields and the Pilbara may also influence the alignment and contribute towards establishing sufficient warrant for such large expenditures.

In the meantime the Main Roads Department will continue to provide funds in its annual works programmes to enable modest improvements to be undertaken on the road's existing alignment. These allocations have been progressively increased in real terms in recent years and if these can be maintained an appreciable improvement to the road's overall standard should result.

ROAD

Mills Road East: Funding

687. Mr LAURANCE, to the Minister for Transport:

- (1) Has he been approached for increased funding for Mills Road East by the City of Gosnells?
- (2) Has additional funding been made available for this road?

Mr TROY replied:

- (1) and (2) The City of Gosnells has made representation for increased funding for roads of the character of Mills Road East. However, the council has not given as much priority to this work as it has to a number of other projects. In this situation additional funding has not been possible for the Mills Road East. The reduction in Federal allocations to urban arterial roads has compounded the difficulties of funding as many projects as we would like.

TRANSPORT: WESTRAIL

Employees: Selective Voluntary Severance Scheme

688. Mr LAURANCE, to the Minister for Transport:

How many Westrail employees have taken advantage of the selective voluntary severance scheme since it was introduced?

Mr TROY replied:

A total of 643.

JETTIES

Definition: Private Slipways

689. Mr LAURANCE, to the Minister for Transport:

- (1) Is it intended that the definition of a "jetty" in the Jetties Act Amendment Bill will include private slipways in the Yunderup Canals area?
- (2) Are these slipways presently defined in any way by existing legislation?
- (3) What is the reason for the proposed change?

Mr TROY replied:

- (1) It is intended that the definition of a "jetty" in the Jetties Act Amending Bill will include private slipways on all

waterways, including the Yunderup Canals area.

- (2) All slipways, including those in the Yunderup Canals area, fit within the definition of a jetty contained in the existing legislation.
- (3) The definition of the term "jetty" has remained unaltered since 1926. Since that time structures such as fuelling platforms, dolphins, restaurants over the water and other private and commercial structures not specifically identified in the definition have been constructed. The amendment will more clearly define the term "jetty" to specify those structures and boat launching facilities.

MINERAL: PHOSPHATE

Mt Weld: Feasibility Study

690. Mr LIGHTFOOT, to the Minister for Minerals and Energy:

- (1) Is the feasibility study of the Mt Weld phosphate deposit expected to include as preferred option the following—
 - (a) the treatment of the phosphate to superphosphate standard, in or near Kalgoorlie; and
 - (b) the extraction of rare earths and other minerals, if any, from the phosphate?
- (2) If "Yes" to (a) or (b), is the railway to diverge from Kookynie to Mt Weld as a spur line?
- (3) When is it expected that the feasibility study will be finalised?

Mr PARKER replied:

- (1) (a) The production of phosphate fertilisers in the Kalgoorlie area is one of several options being considered in the feasibility study.
- (b) The ultimate development of the Mt Weld deposit will depend upon the viability of exploiting its phosphate content. The rare earths are of a secondary nature and their recovery will be determined by a number of factors, including the prevailing market for those products.
- (2) A spur railway line from Kookynie to Mt Weld is one transportation option being considered in the study,

Westrail having done a comprehensive study on the proposal.

- (3) A representative sample is currently being extracted from the deposit for a pilot plant evaluation. This will enable a pre-feasibility study decision to be made in late 1986 on whether to proceed to a more detailed study.

STOCK

Pigs: Atrophic Rhinitis

691. Mr NALDER, to the Minister for Agriculture:

- (1) With reference to the pig herd health problem of atrophic rhinitis, is the Department of Agriculture still monitoring the spread of the disease?
- (2) Has there been any increase in the incidence of the toxic strain of the disease?
- (3) Is there any substance in rumours that a large stud breeder is a new victim of the disease?

Mr GRILL replied:

- (1) Atrophic rhinitis in pigs has been made a notifiable disease and any reports are investigated. A voluntary scheme allowing pig producers who sell breeding stock to have groups of pigs checked for atrophic rhinitis at abattoirs is continuing.
- (2) Since the first case of severe atrophic rhinitis reported in November 1984, the disease has been confirmed in another six herds. The last case to be reported was in January 1986.
- (3) The Department of Agriculture is not aware of the disease occurring recently in a large stud herd.

LAND

Reserve No. 8313: Use

693. Mr TRENORDEN, to the Honorary Minister assisting the Minister for Aboriginal Affairs:

In respect of the Reserves and Land Revestment Bill 1986, has any particular usage been selected for "A"-class Reserve 8313?

Mr BRIDGE replied:

Amendments to "A"-class reserve No. 8313 proposed in the Reserves and Land Revestment Bill 1986 conform

with current policy to transfer vesting of similar reserves from the Department of Community Services to the Aboriginal Lands Trust.

The purpose is being changed from "natives" to "use and benefit of Aboriginal inhabitants".

LAND

Reserve No. 8313: Use

694. Mr TRENORDEN, to the Minister for Lands:

In respect of the Reserves and Land Revestment Bill 1986, has the Town of Northam been advised of the proposed change to "A"-class Reserve 8313?

Mr TAYLOR replied:

Amendment of reserve No. 8313 is subject to parliamentary approval and the Town of Northam will be advised when this is obtained.

EDUCATION

Sex Education: Beazley Report

695. Mr HOUSE, to the Minister for Education:

(1) Is he aware—

- (a) of the seven components as outlined in the Beazley Report;
- (b) that sex education was a topic included in the vocational and personal awareness component?
- (c) that the Health Education topic was included in the physical and health education component?

- (2) Is the strand "mental and emotional health" in the health education K-10 syllabus really sex education.
- (3) Why is sex education apparently disguised under the term of "mental and emotional health"?
- (4) Why is sex education included in the health educational programme in complete contrast to Beazley recommendations?
- (5) Is it fact that this health education K-10 syllabus is an attempt by the Education Department to make sex education compulsory?

- (6) Did the Beazley Report actually recommend that health education, sex education or any other topic in its seven components, be compulsory?

Mr PEARCE replied:

- (1) (a) Yes;
(b) yes;
(c) yes.
- (2) No.
- (3) Sex education draws upon elements of mental and emotional health which is one of four strands comprising the health education K-10 syllabus.
Sex education is clearly presented as one of the elements of the mental and emotional health strand.
Sexuality education is an integral part of mental and emotional health.
- (4) The Beazley inquiry provided recommendations only.
Beazley recommended sex education form part of the PVE component. Sex education remains within this component as part of the health education K-10 syllabus.
- (5) No. The sex education aspects of the K-10 syllabus are not compulsory.
- (6) No. Students must study subjects from each of the components.

EDUCATION

Pre-school: Handicapped Children

696. Mr MacKINNON, to the Minister for Education:

- (1) What resources does the Education Department make available to handicapped pre-school children in the southern suburbs of the metropolitan area?
- (2) What plans has the Government to extend these services?
- (3) How many children are currently provided with such services?
- (4) What is the current teacher/student ratio in these facilities compared to the ratio at "normal" pre-school or pre-primary centres?

Mr PEARCE replied:

- (1) The Carson Street, Kim Beazley, and Kenwick schools have full-time pre-school teachers. Children attend for varying periods of time depending

upon their attendance at a regular pre-primary and their degree of handicap.

- (2) It has been practice for handicapped pre-schoolers, where possible, to be enrolled in regular pre-primary facilities. The teacher is assisted with providing appropriate programmes by three education support branch advisers. The facilities mentioned above provide a more structured and intensive service for the more handicapped students.

As resources become available the pre-school services for handicapped children will be extended in proportion to the school-age services.

- (3) Service Numbers—

Carson Street	7
Kenwick	6
Kim Beazley	12
Malibu	6
Carawatha	8

- (4) The ratio in pre-school units for handicapped children is normally one teacher and one aide to six students at any one time. At Carawatha where the children are language handicapped only, the ratio can go to 1:10. In standard pre-primary or pre-school centres the ratio is one teacher and one aide to 27 five-year-old children.

QUESTIONS WITHOUT NOTICE

PREMIER

Staff: Hobart Conference

122. Mr HASSELL, to the Premier:

- (1) Will the Premier be taking to Hobart next week or be accompanied by Brenda Brush or another secretary, Mr Vince Shervington, Mr Ron Barry or some other Press officer, another secretary, and departmental officer or ministerial officer?
- (2) Who from such categories of persons will accompany the Premier to Hobart?
- (3) Are any other staff or officers accompanying the Premier?
- (4) Which Minister will be going and what staff is he or she taking?

Mr BRIAN BURKE replied:

(1) to (4) I do not know that I can answer all parts of the question. As was announced in a Press release distributed today, I will be accompanied by one other Minister, the Minister for Minerals and Energy; and he will be accompanied by a typist and one other person. I will be accompanied by my principal private secretary, my principal Press officer, and my ministerial services officer; and the executive director of the Government's policy division will also be going to Hobart. That is as far as I know.

Mr Hassell: You are taking four staff members?

Mr BRIAN BURKE: I am taking myself and those four people to whom I have referred.

Mr Hassell: To a Labor Party conference?

Mr BRIAN BURKE: That is right. I would have thought there were many reasons to take a suitable and absolutely necessary number of staff to a Labor Party conference, perhaps for reasons that touch upon the State's welfare as any other conference does from time to time.

I remind the Leader of the Opposition that the Government pays for his travel to Liberal Party Opposition Leaders' conferences.

Mr Hassell: That is true.

Mr BRIAN BURKE: Yes, I know, but there can be very little that can be considered to be of great moment affecting the State discussed at those conferences.

Mr Hassell: That is your opinion. It is part of the process of government. I am not complaining about your going; I am asking about the staff.

Mr BRIAN BURKE: It is part of the process of opposition. I am not arguing about that; I am happy to pay for the Leader of the Opposition to go to the meeting of Opposition Leaders.

Labor Party national conferences are nationally significant but also very significant in Western Australian terms. I will be making sure that at this conference the Labor Party adopts a series of policies that keep it in Government for another 1 000 years in this State and nationally.

In relation to the people who are going with me, I am sure they will all put their weight behind me and all prove to be of inestimable value in the functions they fulfil at the conference. I am sure that the national conference of the Labor Party will not be half as interesting, as far as the publicity is concerned, as was the State conference of the Liberal Party this year.

PLANNING COMMISSION

Executive Appointments: Applications

123. Dr GALLOP, to the Minister for Planning:

The member for East Melville alleged yesterday that the Chairman of the State Planning Commission, Mr Bill McKenzie, had asked people to apply for executive positions with the State Planning Commission. Did the Minister check these allegations with Mr McKenzie?

Mr PEARCE replied:

Members will recall that the member for East Melville, in a rather extraordinary speech in the Parliament yesterday, made a clear allegation that he knew the names of planners in local government or elsewhere who had been canvassed by Mr McKenzie in order to get them to apply for five or seven executive jobs which were advertised. I checked this out with Mr McKenzie sometime previously when a question was raised by the member for Karrinyup. I checked again with him today and he gave me precisely the same answer.

I understand he has put out a Press release absolutely denying that he canvassed any planner from Western Australia or elsewhere about applying for jobs in the State Planning Commission. He has put his denial of that allegation in the most specific terms that he did not canvass any planner in this State to apply for a job in the State Planning Commission.

I understand that, in his Press release, Mr McKenzie requested the member for East Melville to name the planners with whom he alleges he has spoken and who have alleged that Mr McKenzie canvassed them, in order

that they can specifically rebut the allegations.

I now wish to take the time of this Parliament to give the member for East Melville the opportunity to name one or two of those people who were canvassed in that way so that we can ascertain from them their understanding of any conversations which may have taken place.

Over to the member for East Melville—I ask him to give us a name or two.

Mr Lewis: I am not asking the question!

Mr PEARCE: The member for East Melville is not answering many questions either.

Mr Peter Dowding: He is doing a Gascoyne.

Mr Lewis: Be very careful about what you say.

Mr PEARCE: I would like to put the following on record. I have heard from two people regarding this allegation and they are the Chairman of the State Planning Commission (Mr McKenzie), who advised that he canvassed no person in the State to apply for a job with the commission; and the member for East Melville who said that Mr McKenzie did canvass people. I believe with absolute and complete confidence the statement made by the Chairman of the State Planning Commission. If the member for East Melville does not lift his game, he will find that he will spend only a brief time in this House.

HEALTH: HOSPITAL

Gnowangerup: Matron

124. Mr HASSELL, to the Minister for Health:

- (1) Has he agreed to meet the Gnowangerup Hospital Board on Tuesday, 8 July at 10.00 a.m.?
- (2) Do arrangements for that meeting subsist?
- (3) Is it correct that the employment of the Gnowangerup Hospital matron comes to an end at 4.00 p.m. today at which time she was to have been paid out?

- (4) Is the Minister going to attempt to reinstate the matron against the wishes of the hospital board?
- (5) Is the Minister aware that the Solicitor General has refused to allow Gerard Overman of the Crown Law Department to continue to give advice to the Gnowangerup Hospital Board?
- (6) Is the Government attempting to deny the board independent legal advice?
- (7) If not, will the Government provide funds to allow the board to seek private independent legal advice?
- (8) Is the Minister aware that on 2 July the Health Department refused a request made by the hospital board that the department provide an acting matron on the grounds that the matron was under the Minister's direction to remain?
- (9) Is the Minister aware that the matron has been advised by the Royal Australian Nursing Federation to present herself for work tomorrow and to advise the federation of management's attitude and that this is reported to have occurred at the behest of the Minister?

Mr TAYLOR replied:

- (1) to (9) I thank the Leader of the Opposition for two minutes' notice of the question—it is more than enough.

I did ask the Gnowangerup Hospital Board to meet with me next Tuesday. I did so on the basis that I also asked the board to agree to extend the date of termination of the matron's services from today until tomorrow week in order that we would have time to discuss the matter. The board not only refused to agree to that extension of time but it said also that it does not want to meet with me. That is its decision.

It is correct that the employment of the matron is terminated as from today. According to the board, it came to an end at 4.00 p.m. today.

I will not only attempt to reinstate the matron, but I will reinstate the matron. As far as I am concerned there was no reason whatsoever that the matron should have her career sacrificed on the altar of convenience put forward by the hospital board and

others associated with this issue. She has made a lifetime career of nursing and I see no reason that in this case that career should be sacrificed.

As far as the Solicitor General is concerned, at this stage the Crown Law Department is giving me advice on this issue and I understand that it is not possible for that department to give both the hospital board and me advice. I think that the advice should quite rightly be given to me rather than to the board. I am not attempting to deny the board advice. I do not think it needs legal advice, but if the board thinks it does it will have to find it from elsewhere.

The health department decided that because it was my wish that the matron continue there is no need to appoint an acting matron. Matron Griffiths will, in fact, continue.

I am pleased to have had the support of the nursing federation on this issue and I am sure that support will continue. The federation understands that nursing is a career and that Matron Griffiths has made nursing her career. This issue has been proceeding since September or October last year and it is my determination to bring it to a head and to bring things back to normal in Gnowangerup as soon as possible. It will not be helped by questions from members of the Opposition who try to make this a political matter. They should learn a lesson from the member for Katanning-Roe who has acted with honour regarding this matter.

UNION: WATERSIDE WORKERS FEDERATION

Strike: Status

125. Mrs BUCHANAN, to the Minister for Transport:

- (1) Would the Minister inform the House of the current state of the waterside workers' strike which has affected the ports of this State?
- (2) Would he also inform the House about the effect this dispute has had on rural producers?

Several members interjected.

Mr TROY replied:

- (1) and (2) One of the disappointments I have had recently has been the withdrawal of that motion. I was sorry to see it occur.

I am pleased to be in a position to inform the House that the disruption to the ports has occurred because of a dispute between the Waterside Workers Federation and the industry employers. It is a national dispute which has now been finalised and the workers will return to work at 7.30 a.m. tomorrow. I understand a further hearing will go before the commission in Sydney tomorrow.

I take this opportunity to express my regret that the ports of Western Australia have been affected by a national dispute of this nature. In many ways Western Australian exporters are the victims of disputes which occur for reasons which are out of the control of the local union and employees. Consequently, they must wait for the resolution of such disputes in the Eastern States. This Government is doing much to remedy the situation and in reply to a similar question asked in this House yesterday, I said that the various participants in the industrial relations scene at the waterfront have cooperated to an extent necessary to exempt the primary producers of this State from the inconvenience and economic damage that may be caused by prolonged stoppages of this nature.

Exemptions were granted to Co-operative Bulk Handling Ltd, live sheep shippers, and to those companies handling certain perishables. I remind the House that Mr E. Green, the general manager of CBH, made a Press release on this subject. He said that as a result of the exemption granted to CBH yesterday and a previous exemption granted to it to load vessels from the Geraldton terminal, there had been a minimal disruption to grain exports during the dispute.

Members of the House should be aware of the efforts of the Minister for Agriculture on behalf of primary producers in relation to this dispute.

I have every confidence that the dispute will be resolved permanently as from tomorrow's conference.

UNION: WATERSIDE WORKERS FEDERATION

Strike: Press Releases

126. Mr LAURANCE, to the Minister for Transport:

- (1) Is the Minister aware that the Waterside Workers Federation put pressure on shipping companies to issue favourable Press releases regarding the federation meeting its so-called commitments to the rural sector in return for the exemptions issued during the current dispute?
- (2) Why did officers from his department telephone shipping officers and shippers generally yesterday to put pressure on the shippers to accept the terms of the WWF's demands so that he could report the successful exemptions to Parliament?
- (3) What did he do to try to get some relief for those many shippers who were not loading agricultural products and, therefore, could not obtain an exemption?

Mr TROY replied:

- (3) I will take the last part of the question first. Since we came to Government we have worked for some time to facilitate the task of primary producers in getting their products onto the export market.

Mr Hassell: Three stoppages a fortnight for nine months of last year!

Mr TROY: The Leader of the Opposition should look at disputations, particularly in Fremantle, and judge them in the light of national components, as opposed to State components. Evidence is on the record which clearly shows that the efforts of this Government, in trying to overcome disputation in Fremantle, have been quite successful. In fact, if the Leader of the Opposition checked with his informants and with shippers generally, he would see that they certainly appreciate the efforts of the Government in bringing parties together. That is the track record we have established and

we are very proud of the efforts we have made.

- (2) The second part of the question refers to whether my office has been involved in telephone conversations. I quite honestly and openly admit to that, because we were invited by shippers and the union alike to be involved in the facilitation of settlement of the disputation. That is in the interests of the State and I would be quite disappointed if someone on the other side of the House were to stand up and accuse the Government of not taking that sort of interest. I am proud to do so.

- (1) In regard to the first part of the question, I do not have the full details. Certainly I believe the process has clearly indicated that in Western Australia we are particularly proud of our position. The State position with respect to our exporters is unique within the national scene. We will continue to go down that path to assist our exporters in every way possible.

WATER POLICE

Relocation: Planning Basis

127. Mr BURKETT, to the Honorary Minister assisting the Minister for Police and Emergency Services:

Is it a fact that a representative of the Fremantle City Council has expressed the view that the proposed water police facility in North Fremantle is inappropriate on planning grounds?

Mr GORDON HILL replied:

The answer to the question is in the affirmative; a member of the Fremantle City Council did express that view. That member resides in Harvest Road, North Fremantle. However, the State Planning Commission does not agree with him, having in the last day or so approved that development.

PLANNING COMMISSION

Executive Appointments: Applications

128. Mr LEWIS, to the Minister for Planning:

- (1) Is it correct, as the Minister has just stated, that the Chairman of the State Planning Commission today advised

the Minister that he did not canvass applicants for the position of executive director of the State Planning Commission recently?

- (2) If "Yes"—and in the light of the Minister's challenge that I provide a name or names—what is his reaction to my statement that I have a statutory declaration in my possession stating the contrary from a Perth planner?
- (3) If the Minister finds that there is such a statutory declaration, what action will he take?

Mr PEARCE replied:

- (1) to (3) I invite the member to table the statutory declaration.

Several members interjected.

The SPEAKER: Order! It is probably just as well that the gallery is not very full at the moment, because members are not providing a very good example.

Mr PEARCE: If the member for East Melville tells me that he has a statutory declaration in his possession, my first response is to ask where it is. Let us see it! The fact of the matter is that during the course of his speech last evening the member for East Melville made up a telephone conversation. He reported a telephone conversation that he made up. If he has a statutory declaration, let us see it. He should put up or shut up.

Several members interjected.

Mr PEARCE: I challenge the member to put up or shut up. If he provides the statutory declaration, I will take the appropriate action. Let us see that declaration. I invite the member to put it on the Table and to name the person who has given him the statutory declaration.

Mr Lewis: You challenged me, Mr Minister.

Mr PEARCE: The member is not answering the challenge. I challenge him to name names. How more forthright a challenge can anyone make? The fact that all the member's little friends are shouting and yelling will not change the fact that he has refused to name anybody to whom such an approach was made. If there is any such statutory declaration, the member is not producing it. I give him the oppor-

tunity to name the person or to table the statutory declaration.

Several members interjected.

The SPEAKER: Order!

Mr PEARCE: It is simply not good enough to make one baseless allegation and back it up with another.

Several members interjected.

The SPEAKER: Order! I remind members that questions without notice are at my discretion. If they persist with this sort of performance, questions without notice will cease or be reduced in time considerably.

ROAD

Great Eastern Highway: Coolgardie-Kalgoorlie

129. Mrs WATKINS, to the Minister for Transport:

Are there any plans to complete the Coolgardie-Kalgoorlie section of the Great Eastern Highway?

Mr TROY replied:

I can only assume that the member for Joondalup has been traversing the State so as to make balanced decisions in terms of issues in the State. I compliment her for that.

In order to complete the work on the section between Coolgardie and Kalgoorlie, 12.82 kilometres of this road need to be reconstructed. It is anticipated that sufficient funds will be provided in the Main Roads Department's 1986-87 programme for this work.

SOUTH AFRICA

Trade Sanctions

130. Mr COURT, to the Minister for Industry and Technology:

- (1) Has the Government been approached by any Western Australian companies exporting products to South Africa which are concerned about the possibility of economic sanctions being imposed?
- (2) Would the Minister support the introduction of economic sanctions, including export restrictions, against South Africa?

Mr BRYCE replied:

- (1) I am mindful of the time and wonder how much time you, Mr Speaker, would like me to use to answer the member's question, because that will certainly have an impact on how I answer it.

The SPEAKER: I would be most appreciative if the Deputy Premier spent no more than three minutes in answering the question.

Mr BRYCE: If the member for Nedlands is asking me whether I have received any recommendations, or whether the Premier has, I inform him that I have not had a chance to ask the Premier yet. If he is asking whether it is possible that an approach along the lines that he outlined has been made to the department by any companies, the answer is that I have not asked departmental officers, and I would have to ask them. I have certainly not received correspondence to that effect, but it is quite possible that the department has received some approach from those sorts of people.

- (2) The member will gain no solace from me whatsoever in terms of the answer to the second part of his question. I would certainly support the sanctions that have been mooted; and that will certainly not sit very comfortably or happily with the member for Nedlands who happens to be South Africa's number one apologist in this Chamber. There are very interesting reasons as to why he just happens to be one of the principal apologists for

South Africa in this Chamber. If the Government of this nation made a decision to impose economic sanctions on South Africa, as Minister in this part of the country I would have no hesitation whatsoever in supporting the national Government's decision, as I happen to believe that we are part of a nation.

ROAD

Onslow Access

131. Mrs BUCHANAN, to the Minister for Transport:

- (1) What is the current situation in regard to work on the Onslow access road?
- (2) When will the blacktop be completed?

Mr TROY replied:

- (1) Work is currently in progress, though recent rains have caused some delay in work on that access road.
- (2) Current planning is to complete the blacktop in 1986-87. It is hoped that the work will be completed by mid-September. I certainly appreciate that the Onslow community will greatly welcome completion on that date as it will clearly open up a significant tourist potential in that region. Apart from completion of roads of national significance, the completion of such roads as the Onslow access road indicates a balanced approach to road programme priorities throughout the north and, in fact, the State. I am pleased to be associated with that programme.