

Legislative Council

Tuesday, 8 November 1988

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 3.30 pm, and read prayers.

BILLS (3) - ASSENT

Messages from the Governor received and read notifying assent to the following Bills -

1. Skeleton Weed and Resistant Grain Insects (Eradication Funds) Amendment Bill
2. Liquor Amendment Bill
3. Justices Amendment Bill

PETITION - WESTERN AUSTRALIAN MUSEUM

Percy Markham Collection - Sale Opposition

The following petition bearing the signatures of 32 persons was presented by Hon Barry House -

The Honourable the President and Members of the Legislative Council of the Parliament of Western Australia assembled. The undersigned citizens of Western Australia express gravest possible disquiet over the State Government's decision to allow the sale, by the Museum authorities of the Percy Markham collection of vintage and veteran cars. Accordingly, we -

- (1) Urge the Government to abandon all plans to sell or otherwise dispose of the vehicles; and
- (2) Call on all Members of Parliament, regardless of their political affiliation, to support the Bill currently before the Legislative Council which seeks to prohibit the break-up of the Markham Collection.

And your petitioners as in duty bound will ever pray.

[See paper No 564.]

A similar petition was presented by Hon P.G. Pental (75 persons).

[See paper No 565.]

PETITION - PROSTITUTION

Legalisation Proposal - Objection

A petition bearing 504 signatures and arguing against the proposed legalisation of prostitution was presented by Hon J.N. Caldwell.

[See paper No 566.]

PETITION - AGED

Federal Pension Reduction Decision - Concern

The following petition bearing the signatures of 15 persons was presented by Hon P.G. Pental -

We, the undersigned citizens of Western Australia, being concerned at -

- (1) The attack on this State's senior citizens by the Federal Labor Government's decision to treat many previously exempt investments as income and thereby to reduce the amount of their pensions; and
- (2) The failure of the Dowding State Labor Government to make any effective representations to Canberra on the issue, relying instead on the initiative of the Western Australian Liberal Party to identify this latest unwarranted attack on pensioners;

urge both the Federal and State Labor Governments to act forthwith to -

Reverse this pattern of attacks on the lifestyles of the elderly providing for their own retirement.

Abandon this decision to treat market-linked investments as income for the pensions and benefits test.

Review all taxing policies on people's savings.

[See paper No 567.]

MOTION - STANDING ORDERS SUSPENSION

Rothwells Ltd - Inquiry

On motion without notice by Hon G.E. Masters (Leader of the Opposition), resolved with an absolute majority -

That Standing Orders be suspended so far as will enable a motion to be moved, debated, and resolved at this sitting

MOTION - ROTHWELLS LTD

Inquiry

HON G.E. MASTERS (West - Leader of the Opposition) [3.43 pm]: I move, without notice -

- (1) That this House strongly recommends to the Attorney General that he now exercise the powers conferred on him by section 291(1) and section 292(1)(b) and (c) of the Companies (Western Australia) Code and nominate the person required to carry out an investigation into -
 - (a) the affairs and dealings of Rothwells Limited;
 - (b) the events leading to the collapse of Rothwells Limited;
 - (c) all associated and related companies and dealings in the period leading to the collapse of Rothwells Limited,
 and that such investigation is timely and fully justified by reason of -
 - (i) the loss of millions of dollars of depositors' funds with consequent hardship to many people;
 - (ii) the loss of millions of dollars of public money to the extent that it will be an additional cost to the taxpayers of this State;
 - (iii) the collapse occurring in spite of the \$150 000 000 guarantee given by the Government;
 - (iv) Rothwells accepting deposits when it knew, or ought to have known, that depositors were likely to lose money;
 - (v) the foregoing occurring in the period during which Rothwells has been managed by Mr Tony Lloyd as the appointee and representative of the Government's interests.
- (2) That the Attorney General inform this House before the close of business on Tuesday, 15 November 1988, whether he intends to order, or has ordered, such an investigation.

The events of recent weeks and certainly of recent days indicate that a most serious situation exists in Western Australia. I suggest a more serious situation has never existed in any other State at any stage in Australian history. Without a doubt, it is the biggest scandal in Australian history. From comments made in recent days it appears there has never been, in the history of Australia, a time when a State Government has been in desperate trouble through maladministration and abuse of the public purse. The tag I put on the latest Government fiasco is that it is the biggest scandal in Australian history. It is interesting that even at this early stage some members on the Government side of the House are laughing and taking this as a joke.

Hon Graham Edwards: What are you doing if you are not gloating?

Hon G.E. MASTERS: The collapse of Rothwells Ltd is one of the greatest scandals in the history of this State and the Government's financial involvement in the failure and final collapse of the institution is the reason I am bringing forward this motion today. Every day the situation is becoming worse and I guess over the next few months what has happened to the taxpayers' money will be revealed. I put it to you, Mr Deputy President (Hon John Williams), such is the seriousness of the situation that had a similar situation occurred in most countries of the world which operate under a similar parliamentary system that Government, or at least its leader, would have been forced to resign. The Minister for Budget Management, more than anyone else, has played his part in this matter and has been heavily involved in what has happened over recent times.

Several members interjected.

The DEPUTY PRESIDENT (Hon John Williams): Order! The debate will be conducted according to the Standing Orders: That means the two members making it quite obvious that they will run the debate from opposite sides of the House will, if they continue to do so, have an early shower.

Hon G.E. MASTERS: I put it to the House that the Leader of the House - the Attorney General and Minister for Budget Management, which is his official title - is one of the people involved in this matter and, as such, is as responsible and is as culpable as anyone else. After all, he was the Minister for Budget Management in the Burke Government and he is the Minister for Budget Management in the Dowding Government. Without a shadow of doubt, although he quite often fails to answer questions in this House and says such questions do not fall within his domain, he is the principal financial adviser to the Government.

Hon J.M. Berinson: That is not true.

Hon G.E. MASTERS: Is the Attorney saying that he is not a financial adviser to the Government?

Hon J.M. Berinson: You said that I was the principal financial adviser. You are happily ignoring the role of my senior Minister, the Treasurer.

Hon G.E. MASTERS: I can understand the Minister's embarrassment, but every member in this House and in the other place knows very well what are the capabilities of Hon Joe Berinson - perhaps under these circumstances I could say his lack of capabilities.

Hon J.M. Berinson: Make up your mind.

Hon G.E. MASTERS: We are not sure

Hon J.M. Berinson: What is your opinion?

Hon G.E. MASTERS: The fact remains that time and time again we have asked questions of the Minister for Budget Management and we have been fobbed off with the excuse that the subject is not within his portfolio responsibilities. He is the Minister for Budget Management. Every dollar the Government puts at risk and every dollar it underwrites with the State Government Insurance Commission or any other institution has or may have an effect on the management of the Budget. Therefore, the Minister for Budget Management must be consulted and he must advise whether certain things are possible otherwise he is not doing his job. In spite of this catastrophe, he has failed to answer questions in this House by hiding behind the cloak that he is not the Treasurer, he is only the Minister for Budget Management. We really do not understand what are his responsibilities if, in fact, he is not to be consulted to determine what effect the bad investments will have on the taxpayers' funds and the Budget.

We saw the Minister sit through the O'Connor case which many members are of the opinion was an interference with the judicial system. The Minister has vigorously denied that, which is his right.

Hon Garry Kelly: What has that to do with this?

Hon G.E. MASTERS: I am saying that situation was bad enough, but this matter is far worse and is far more serious. It is a scandal in Western Australia and the issue has not only been splashed on the front of *The West Australian*, the *Sunday Times* and every other newspaper in this State, but also it has been in every newspaper in Australia. I said earlier that it is a scandal in Western Australia, but it is also a national scandal and has been reported in every

national newspaper. It is also an international scandal. If the honourable member does not know that, I suggest that he read some of the international papers. Yet, Hon Joe Berinson and those people whom I would call his fellow conspirators have, by their actions, degraded and insulted the people of Western Australia and have irreparably damaged the reputation of Western Australia. Western Australia was once held in high regard not only in Australia, but also throughout world markets and now many people hang their heads in shame when they say they come from Western Australia.

Hon J.M. Berinson: You might, I don't.

Several members interjected.

Hon G.E. MASTERS: Honourable members opposite are proud of their achievements.

Hon J.M. Berinson: We are proud of Western Australia and you should not rubbish it in the way you are.

Hon G.E. MASTERS: They are proud of these articles - there are pages and pages of them and they have been published in all sorts of newspapers throughout Australia and internationally. The Minister says that he is proud of his achievements.

Hon J.M. Berinson: I said that we are proud of Western Australia.

Hon P.G. Pendal: You have turned it into a joke.

Hon G.E. MASTERS: So are we.

Hon J.M. Berinson: You are attempting to rubbish it.

Hon G.E. MASTERS: It is absolutely disgraceful that the Government and the Minister for Budget Management have the audacity to say they are proud of what they have done and they are proud of their achievements. Of course Opposition members are proud of this State, but we do not like the damage that has been done to it; we are bitterly ashamed of the damage that has been done. I have said before that when one looks at the operations of the Government and the operations of the Treasurer and the Minister for Budget Management one could say that if it had been a public company which was issuing shares and dealing in public money, some of the people involved would now be in Fremantle Prison.

No public company would be able to get away with the events that have occurred in recent times; no public company would be able to grab hold of taxpayers' money, invest it, and lose it in certain enterprises before they got off the ground, which is exactly what has happened in this State. I put it to Government members that they are the guardians of the public purse and have responsibility for the proper management of taxpayers' money. In the last five and a half years the taxpayers of this State have been bled dry financially. The Minister for Budget Management says he is not the principal financial adviser to the Government; perhaps he comes second after the Treasurer. I bet the Treasurer consults him on every possible occasion and, therefore, he must have known what was going on and he must have given some advice; yet never once in this House or anywhere else has the Minister for Budget Management in any way publicly criticised or expressed concern about some of the events that have taken place. Crisis after crisis has occurred until finally the Government is in a desperate situation and is trying in all sorts of ways to get out of that situation. It has woven a web of intrigue, subterfuge and manipulation; it has also given massive favours to certain of its friends.

However, the message has at last got through; for the last 12 months or more the Opposition has been responsibly hammering away and asking questions. On some occasions the Government even said that the Opposition should not ask questions because it would be damaging to those people who had invested money. However, the Government is dealing with taxpayers' money and the Opposition has every right, indeed a duty, to find out what is done with that money. If the Government should report anywhere, it is to this Parliament - to the representatives of the people. The Parliament has been told time and time again of profits received from nefarious exercises and has been given cooked up figures which were supposed to convince the public that the Government is doing a wonderful job. When the Budget papers were tabled in this House the Treasurer and the Minister for Budget Management glibly and proudly stated that its investments were doing wonderfully well, and that SGIC, WA Inc, and WADC were making profits and thus saving taxpayers' money. I wonder whether anyone has carried out an exercise to ascertain how much money has been

lost in recent times. At this stage no one yet knows how much has been lost. That is the basis of the inquiry proposed to be set up; it will be an investigation into what has happened. The Government will not be able to hide behind commercial confidentiality, because that no longer exists. This matter is now in the open and the liquidators are in place. All of these matters should be clearly spelled out, together with details of direct Government involvement. Government agencies should be able to put together a position statement and a report on what has taken place in the last 12 months. If nothing else, this recent event has exposed the Government as irresponsible and incompetent to manage the finances of this State - indeed, incompetent to manage the finances of any other group or small body. I do not think the Government could run a public toilet at the moment.

With regard to the collapse of Rothwells Ltd, members will recall that on 26 October 1987 the Government gave Rothwells a guarantee of \$150 million. Great pressure was placed on the Leader of the Opposition, Hon Barry MacKinnon, at that time, but he refused to back that guarantee. If ever a member of Parliament and the leader of a political party made a momentous and right decision, it was on that day. It was a very brave and successful move.

Hon Tom Stephens: Would you have liked it to collapse then?

The DEPUTY PRESIDENT (Hon John Williams): Hon Tom Stephens well knows that it is rude to interject. As this debate is of such a serious nature, and as his leader has shown some concern about interjections, I now warn all members that further interjections will not be tolerated by the Chair.

Hon G.E. MASTERS: The decision made by the Leader of the Opposition in October last year was very brave and it has been proved to be one of the best decisions that he or the leader of any other political party will make for many years. The results of the Government's action at that time have become apparent; it has cost the public many millions of dollars more and at the end of the day all has been lost. Those small depositors who perhaps could have got out earlier have now lost their savings.

Not long after the guarantee was provided by the Government I asked the Attorney General what provision had been made by the Government in the event of a possible call on the \$150 million. I suggested it might be called upon and said anyone running an enterprise, whether a farm, business or whatever, who had provided a guarantee of that nature would set aside an amount in case the guarantee were called upon. The Attorney General replied that he would not answer that question, it was hypothetical and, therefore, out of order. One assumes therefore that the Government made no provision. I quote a statement from page 5127 of *Hansard* made on 27 October 1987 by the then Minister for Economic Development, Mr Parker -

We decided there was absolutely no prospect of the Government's being called on, even if the worst financial crash that one could imagine were to take place, with the level of bad debts being such that those funds would be called on; in other words, there was no prospect of 50 per cent of the borrowers from Rothwells being bad debtors.

That is an indication of the Government's attitude at the time. Mr Parker continued -

On that basis the Government decided prudentially, that whilst obviously there must be a risk - I do not minimise the fact that there is a risk, otherwise people would not be wanting a guarantee - the potential for loss on the part of the Government was insignificant, and we wanted to be helpful in preventing the financial collapse which would have followed; so the guarantee was given.

There is no doubt in my mind that the Government took no heed of the warnings of the Opposition or of the risks involved. The Government took a chance and thought it was doing very well, but no-one in his right mind would take such a risk without making provision for a possible call on that guarantee. Any farmer or businessman who provided a substantial guarantee would put his business or farm at risk if he did not make some provision in such a case. It is a question of prudential accountancy. I was amazed that after the crash and the events that followed the Government put its own man, Mr Tony Lloyd, into that organisation. Quite obviously when he was appointed as Rothwells' managing director - a very important post - one would assume he kept the Government fully informed of what was happening in the bank and of the risks and the dealings taking place so that day by day the

Government was aware of the situation and knew whether or not more money should be put into the bank or small investors should be warned.

One week before the Rothwells' collapse the SGIC paid \$62.5 million into that bank. About the same time the Premier publicly ticked off his deputy, the Minister for Economic Development and Trade, Mr Parker, because he dared to say that the bank had serious liquidity problems. The Minister was trying to warn small investors about the difficulties facing the bank so they could get their money out. The Premier said it was not prudent or proper of the Minister to say that and he gave the Minister for Economic Development and Trade a public caning. About the same time, in the week before Rothwells' doors were closed, the SGIC invested \$62.5 million in Rothwells. I quote from an article which appeared in *The West Australian* on Saturday 5 November -

When asked if the SGIC had been directed by the Government to invest \$76 million in Rothwells last January, Mr Rees said the Premier, Mr Dowding, had made it clear that the decision had been taken with the full knowledge of the Government.

The Treasurer gave the authority for the SGIC to invest money in Rothwells. The Treasurer said publicly that those people who had invested their life savings in Rothwells ought to have known better, and they had received sufficient warning, yet at the same time he continued to pump public money into Rothwells. That was pure hypocrisy. We have all seen the Government's recent advertising campaign, in which it tried desperately to change the thinking of the Press and the public about the collapse of the Teachers Credit Society. The Premier bought coverage in the newspapers and on television, which probably cost \$50 000, and published advertisements which said -

Jim and Julie McKay have a few words to say about Teachers Credit. Jim and Julie McKay were among the thousands of West Australians who had their life savings in the Teachers Credit Society.

Many people invested their life savings in Rothwells, yet the Government failed to warn them. We all know that the McKays were strong supporters of the Labor Party.

Hon Graham Edwards: Mr McKay campaigned for the Liberal Party.

Hon G.E. MASTERS: He did not. The Treasurer said his Government's main concern was to make decisions that benefit people like the McKays. Recent events have shown that sort of advertising is humbug. We saw only a few days later, on 4 November, a large picture on the front page of *The West Australian*, with the heading, "Counting the cost of a calamity" -

Mrs Russell-Floyd, 55, placed her entire life savings - \$85 000 - with the financier just three weeks ago.

An amount of \$85 000 is what it will cost these days to buy a reasonable house, so it is not as though Mrs Russell-Floyd is a wealthy person. She is quoted as saying -

"I blame the State Government for letting us down . . . with such backing I thought it could not fail. After all, if you can't trust the Government you might as well pack up and move elsewhere - which is just what I might do."

So we see, after the costly advertising campaign featuring the McKays, and emphasising the Government's concern for the small person, other small investors have lost the funds they have placed in Rothwells. The Government did not give those people any warning; it just poured in all this extra money and persuaded people it was safe to invest. It was stated in the same newspaper which featured the McKay advertisements - *The West Australian* - on Friday, 4 November that Connell's funds have been used to repay \$25 million. I quote -

ROTHWELLS repaid \$25 million to Bond Media three weeks ago from funds advanced by Laurie Connell as part of the controversial petrochemical deal, Bond Media executive chairman Warren Jones said yesterday . . . "We are in the lucky position of having very good security on our debt," . . .

So we have here a multimillionaire who has vast business interests and who was able to withdraw \$25 million from Rothwells at a time when small investors such as Mrs Russell-Floyd were not able to withdraw \$85 000. There certainly is something wrong when business people are able to take out their money but small investors are not. There is another revelation on page 52 of the same newspaper -

The National Companies and Securities Commission has been concerned for some time that Rothwells was taking deposits when it was in financial difficulties and that it may have overstated its financial position.

Chairman Henry Bosch... agreed the company's half-year report, released in January, stated its liabilities at \$114 million. Yesterday, Rothwells said its liabilities were \$442 million.

The managing director of Rothwells at the time the NCSC made the statement that there were doubts about its accounts was Mr Tony Lloyd. He was a Government advisor, and should have kept the Treasurer fully informed to the stage where the public could have been warned. There needs to be an investigation because there is something wrong when wealthy people can take large sums of money out of Rothwells at the expense of small investors. If we in this House are to do our job properly, we would be concerned about the small investors because the larger investors can look after themselves. I am surprised that Mr Butler is not willing to rise to his feet and say, "We have to do something for them." He does not say that because he does not care.

Hon T.G. Butler: Why did you people not help a year ago?

Hon G.E. MASTERS: During the last 12 months the Government has lost nearly \$400 million of public money as a result of that bad decision.

Hon T.G. Butler: Answer the question.

Hon G.E. MASTERS: Because it was a bad decision. The Government should not be in the business of bailing out banks and wealthy people. Members opposite do not give a damn about small investors; they are interested only in looking after their mates. The managing director of Rothwells knew about its desperate financial situation, yet continued to take investors' money, when they should have been turned away and told they would lose their money if they deposited it with the bank. *The West Australian* has considered the issue of Rothwells for a long period, and I do not need to point to all of its reports; but I would like to make reference to some of them. I have already said that certain people in the know, who were the Government's mates and who had an inside run on what was happening, were able to withdraw money from the bank, and I mentioned one company which withdrew \$25 million. But we have to look at another large sum of money which was suddenly drawn out successfully, as I understand it - and the Minister can put me right. I refer to the money the Builders Labourers Federation had in the bank, which I understand amounted to \$800 000. The BLF got the message some time back but was persuaded to leave its money in Rothwells Ltd. However, during last week it was in desperate trouble and was running around the countryside seeking the authority to withdraw that \$800 000 from the bank. I understand it was able to do so; therefore we have a big organisation withdrawing \$25 million in three weeks, and a smaller organisation - one of the Government's friends - managing at the end of last week to get out \$800 000 of its money. On the same day, 2 November, in *The West Australian* there was this reference: "Trading stopped as crisis talks go on". Twenty five million dollars was drawn out, and the BLF withdrew the best part of \$1 million. The article to which I have just referred reads in part -

One Rothwells depositor called *The West Australian* claiming he was unable to withdraw about \$100 000 on deposit with the bank yesterday.

The caller said the money was on 24-hour notice and arrangements were made on Monday to withdraw it at 11am yesterday.

But he said Rothwells telephoned him yesterday morning and told him the money would not be available until today.

Further on -

He said he was confident of getting his money ...

Since then, of course, he has lost it. That was on the same day, or within a day or two, of the BLF getting its money.

Hon Kay Hallahan: There is a bit of a difference, isn't there?

Hon G.E. MASTERS: There is an amazing amount of difference between the BLF's getting \$800 000 out and a small depositor losing his life savings. Anything could happen in a day or two. It certainly was within a day or two, and I am saying that was favouritism.

Hon Tom Helm interjected.

Hon G.E. MASTERS: I know what day it is now, the member should not worry about that.

Several members interjected.

The PRESIDENT: Order!

Hon G.E. MASTERS: Those comments are a fair indication of the way this Government treats those small investors. There was a laugh right around the Government side of the Chamber just now when I pointed out that the BLF withdrew \$800 000 from the bank. The small investors, including the one I have just mentioned, lost their money; and the Government members thought that was funny. To a man and a woman they thought it was funny. They have no care, and that is the point I am making. The small investors were sold down the drain by a Government which knew day by day what the position was and still allowed their man in the bank to take the money of small investors. Some people obviously have gained a great deal of special treatment as a result.

I ask the Minister to indicate in his response whether in fact he has now found out what the position is with the \$150 million guarantee the Government said had been repaid and on which there would be no further call. It seems to me people have completely different views about that situation. I understand that Nobby Clark, who is the head of the National Bank of Australia, was reported quite recently as saying he believes there is still a strong possibility the guarantee could be called upon.

Hon Tom Stephens: What a lot of nonsense!

Hon G.E. MASTERS: We will find out whether it is nonsense.

Hon Tom Stephens: You will. Why point out the nonsense in the form of information to the House?

Hon G.E. MASTERS: I am quoting the head of one of the biggest banks in Australia today; I am saying his advice is the \$150 million may well not be retired, and the Government could still be called upon.

Hon Tom Stephens: Where did he say that, Mr Masters?

Hon G.E. MASTERS: I will get to it in a minute.

Hon P.G. Pandal: This was last Sunday morning. I think you had best remain quiet. You are getting more and more -

The PRESIDENT: Order!

Hon G.E. MASTERS: I think we ought to have this headline framed: "Connell quits Rothwells". And this cartoon: "Question: Why doesn't W.A. have daylight saving? Answer: Because W.A. taxpayers are best kept in the dark . . ." That says it all, and that is on the front page of the most influential and important newspaper in Australia today - *The Australian*. Again, Government members think it is very funny - they think it is hilarious. However, if we look further at the devastation, we know the R & I Bank put in \$17.5 million. We want to know where that has gone, how it has gone adrift, and whether the R & I Bank will ever recover that money.

The biggest scandal of the lot was the State Energy Commission's payment of \$15 million in advance for coal. The cheque was made out by the SEC and, as I understand it, was paid to a director of Western Collieries. That cheque totally disappeared for at least one week, or two weeks.

Hon P.G. Pandal: And what would you get on the short term money market for that?

Hon G.E. MASTERS: Western Collieries did not know where it was. All it read in the newspaper was that it was due to pay the Government for the coal and it did not have the money. It is unbelievable. I bet there were panic stations last week, but at six o'clock last night all of a sudden it turned up.

A Government member: What are you insinuating?

Hon G.E. MASTERS: I am insinuating that someone had a \$15 million cheque in his pocket for two weeks. It is unbelievable that \$15 million of public money went adrift for two weeks. It may have been paid into a bank, but it was meant to be paid to a company that was due to supply the coal.

Hon A.A. Lewis: It was.

Hon G.E. MASTERS: Yes it was; it was paid at six o'clock last night - and if the Opposition had not found out about that the details would have been buried.

Now to the petrochemical deal. We talk about the way in which public money has been moved around and how Rothwells Limited seems to be the centre of these operations. With the petrochemical deal the Government has paid \$175 million as an investment in a company with very few assets. PICL, or Petrochemical Industries Co Ltd, is just a company by name with a 10 per cent interest in a block of land, a lot of plans and designs, and some contracts that probably need renegotiating. The Government paid \$175 million of public money for a share, but I put it to the House that project is unlikely to go ahead.

Hon Garry Kelly: You do not want it to go ahead.

Hon G.E. MASTERS: I would love it to go ahead, but I am asking Mr Kelly and other Government members how they can expect any banker or financier to put \$800 million, because that is what is being asked, into a project by way of what is called a nonrecoursable loan. That is what we were assured would happen. With this Government's operation - with the performance of the Government of Western Australia at this very time, with all of these headlines and scandals, the waste of public money, and the bad management - how could we expect anyone in the world to come forward to this Government and say, "We will find \$800 million for you"? It will not happen, and this Government really has sunk its own boats. Of course, the petrochemical project will go ahead somewhere in this State at some time, but I suggest we will be in Government before it happens and there will have to be a return to some confidence in a new Liberal Government before it is achieved.

Hon Tom Helm interjected.

Hon A.A. Lewis: At least they can trust us.

Hon G.E. MASTERS: All I can say is that questions have to be asked. What else is to come? Every day of every week more and more comes out of it. It is a time of deep shame for our State, and it was encapsulated in the cartoon I have just mentioned which ridiculed Western Australia and its people, which appeared on the front page of *The Australian*, our major newspaper which goes to every corner of the world. Nothing could be more devastating to business people trying to trade and raise finances overseas, or promote confidence in this State, than to be confronted with those sorts of cartoons or headlines. The matter cannot be brushed aside. We are harming many decent people in our community, and they are concerned about recent events.

Much of the responsibility lies at the feet of the Attorney General because he is the second major financial adviser to the Government at this time; he is the man whose advice the Government would take on almost any occasion. However, the main culprit is the former Premier, Mr Burke. Today's cartoon must be devastating for the Ambassador to Ireland. What Mr Whitlam did is kids' stuff; this situation is much worse. The situation is so serious and so devastating for the Government that if Mr Burke had any decency at all, or one spark of loyalty to his party and his colleagues, he would return to Western Australia and face the music. He should not skulk around in southern Ireland. He should return to Western Australia as he owes that to the people of Western Australia and to his colleagues. However, I do not expect him to return.

On 6 November 1988 an article in the *Sunday Times* headed "The Tarnished Godfather" reads as follows -

Mr Burke is probably not surprised. His appointment as Ambassador to Ireland and the Holy See was described at the time as "a quarantine station".

Mr Burke, colleagues say, knew he was politically sick. He knew WA Inc was coming apart.

The article goes on -

The Burke model based on cronyism, elitism, the abuse of fiscal responsibility and the denial of public accountability, is a political mutation of the basic characteristics of the 1980's Labor - pragmatism, corporatism, the rich mates syndrome.

I understand the Government is trying to laugh the article off but it has gone much too far.

Members should read that article. I refer now to the editorial in *The Australian* of 1 November 1988. Members cannot say that this newspaper is not well respected. It reports fairly, without fear or favour, and has given us some tough times. The editorial, under the heading "Losers of the year: the taxpayers of Western Australia", reads -

Even a banana republic would have trouble tolerating its generalissimo visiting the boardroom of a company to bestow even more government favours on it, courtesy of taxpayers, to keep it solvent until after the next election. But it happened last week - in Western Australia. The Premier, Mr Dowding, attended a meeting held at Rothwells, apparently to discuss the merchant bank's inability to meet a \$10 million commitment.

Hon P.G. Pental: That is what Mussolini used to do.

Hon G.E. MASTERS: Further on the editorial states -

WA Inc is a textbook example of why governments should not get into business.

And further on -

... the West Australian Government apparently believed it had discharged its \$150 million indemnity to Rothwells. But even a cursory reading of the Companies Code suggests this might not be the case.

I have many quotations because before I went away I asked my secretary to cut out relevant Press articles on the Rothwells fiasco and the Government's involvement and skulduggery. I am being selective and careful in choosing the quotations from these newspapers.

The front page of the *Sunday Times* of 6 November 1988 reads -

What private individuals do with their money - within the bounds of propriety and honesty - is their own business.

If they invest it and make a packet, good luck to them. If they lose a pile that is their own bad judgment.

But when the public money is put at risk, with taxpayers becoming involuntary risk-takers or underwriters that is entirely another matter. It is very much the public's business.

That is why a thorough and open inquiry is needed into the whole, sorry Rothwells fiasco, and the WA Government's involvement in it.

We are simply asking for an investigation. If the Government has nothing to worry about I suggest it should endorse the motion and take action. The most devastating report I have read on any Government in a long time appears in *The Weekend Australian* of 5-6 November in the editorial, which reads in part as follows -

The trail of deceit and financial disaster wrought by WA Inc will not be cleared by the Dowding Government belatedly pulling the plug on merchant bank Rothwells, although this is a necessary start.

At last the hapless taxpayers of Western Australia have been given an insight into the enormity of the disaster they have to pay for. Even so the full cost of WA Inc's commitments and payouts to Rothwells, directly or indirectly through Mr Laurie Connell and Mr Alan Bond, have not been revealed, although it is obvious it runs into hundreds of millions of dollars.

The editorial continues to talk about the appalling situation. This lengthy piece should be placed on the record but I will not continue to read in detail. If ever an article is devastating to a Government it has to be this one.

In *The Australian* of 2 November 1988 the following statements were made by Bryan Frith in relation to the need for a special inquiry -

Rothwells: a compelling case for a special investigation.

The further the Rothwells saga goes the more compelling becomes the case for a special investigation, not only into the mess that is Rothwells but into the phenomenon known as WA Inc - the cosy business relationship between the Western Australian Government and some of that state's more entrepreneurial businessmen.

An investigation is needed because WA's wild west brand of public/private business is harming Australia's investment reputation . . .

I emphasise the point that WA's "wild west" brand of private/public business is harming Australia's investment reputation. To continue -

. . . WA, in particular, will have only itself to blame if capital investment from overseas, and from interstate, begins to dry up.

We are trying to do business all over the world and our leading writers in leading newspapers are stating the situation will damage our overseas business dealings.

The DEPUTY PRESIDENT: Order! I warn Hon Philip Lockyer, Hon Doug Wenn and others - I could name half the back bench - that they will not continue a debate between themselves. There is one speaker on the floor, and that is enough.

Hon G.E. MASTERS: To continue quoting -

Businessmen in other States increasingly look upon WA with a sense of bewilderment and disbelief at the rash of rescue operations which were arranged for entrepreneurs badly burned in the sharemarket crash. . . Rothwells is only one of a series of extraordinary corporate sagas in the wake of the market crash, including the Bond-Bell episode, which involved the use (misuse?) of public funds through WA's State Government Insurance Commission (SGIC) and the Teachers Credit collapse.

Under the Companies Code any of the State attorneys-general can order a special investigation by the National Companies and Securities Commission (NCSC), which the commission can either handle itself, or appoint an inspector to carry out the task.

We are asking for such a special investigation. We are asking the Leader of the House, in his capacity as Attorney General and Minister for Budget Management, to appoint a highly qualified person to carry out an investigation under the Companies Code along the lines we have suggested. The article goes on -

The WA Government is the obvious party which has the responsibility to order such an investigation, but the prospects of that happening must be considered remote. For a start the WA Government has not only been heavily involved in WA Inc, it led the charge in some of the rescue operations.

That writer, as do many other people, recognises the need for a special investigation.

Hon Tom Stephens: Don't you remember that some of your own colleagues were supporting that rescue 12 months ago?

Hon G.E. MASTERS: I have said this before, and I am proud to repeat it, the leader of my party, who is in a position to make a decision, said he would have no part at all in such a rescue operation. That was one of the bravest decisions that a leader has made for many years, and it was the right decision.

Hon T.G. Butler: He did not care about the investors.

Hon G.E. MASTERS: This Government does not care about them at all. This Government looks after its own mates - that is what the \$150 million was for. As a result of the Government's decision the taxpayers of this State have probably lost up to another \$400 million, and the smaller investors have still lost their money. Some people have made a bit of money out of this, and that is the point I am making. I will repeat this as often as members like.

These are the sorts of questions which the investigation has to address. Where has the money gone? If \$350 million went to Rothwells from Mr Connell to buy a parcel of bad debts, where has that money gone? Did the rescue money remain in Rothwells or was it withdrawn at a later stage by contributors to that rescue? Were redeemable preference shares, which were part of the rescue package, redeemed? Given that the Government appointed Mr Tony Lloyd to represent its interests after the 1987 rescue, is it not the case that he became managing director of the company from 1987 onwards? I suggest Mr Tony Lloyd was the managing director and ran the company from that time. Why did not the company change its ways? If things were going wrong, why did not the Government's own man change the direction of the bank and call to the attention of the Government the difficulties

that were being encountered? Exactly the same thing happened - all the juggling of money and shifting around of finance, much of it public money - continued at an increasing rate. It seems to have been a delaying action to allow certain people to get out, and to hell with the small people. Hon Tom Stephens is here so I ask: Why did the head of the National Australia Bank, Mr Nobby Clark, on Sunday, 6 November on Channel 9, state that the \$150 million State guarantee was still in place, and that it was still being relied on?

Hon Tom Stephens: You might send me a photocopy of that, so that I can pick bits out of it.

Hon G.E. MASTERS: I have quoted the reference.

Hon J.M. Berinson: He also said that the bank was out of any involvement, and the guarantee applied only to the bank.

Hon G.E. MASTERS: Is the Attorney General saying that the money will not be called upon?

Hon J.M. Berinson: That is my understanding, yes.

Hon P.G. Pental: That is your understanding.

Hon J.M. Berinson: That is one of the matters which has to be attended to in the liquidator's investigations and report.

Hon G.E. MASTERS: It is no good hiding behind the liquidator's investigation.

Hon J.M. Berinson: I am not. He is going to report in a couple of weeks.

Hon G.E. MASTERS: We are asking for an investigation through the National Companies and Securities Commission; a competent person can be nominated by the Government itself, and we will have an investigation and a report to the people who really matter; that is, members of Parliament and the public. That is what we are asking for, and I am raising some of the questions which need to be answered. Why did the SGIC invest further in Rothwells if it had been warned, as the Premier said small depositors were? As I pointed out earlier when quoting from a Press release, the SGIC put in tens of millions of dollars of its money, underwritten by the Government. The SGIC is a Government instrumentality which will never be allowed to go broke. If it wheels and deals on the market, it could lose hundreds of millions of dollars, which is not beyond the bounds of possibility. When we talked last year of its losing \$50 million or \$60 million, members on the Government benches nearly fell off their seats laughing and said it was ridiculous, but now we have example after example of hundreds of millions of dollars of public money being lost, so it is not beyond the realms of possibility that the SGIC could come adrift.

Hon T.G. Butler: You would be devastated.

Hon G.E. MASTERS: I would be devastated if the SGIC did come adrift. I hope it makes a profit, and it is important for the community that it does; but the SGIC should not be taking risks in areas in which it is not competent. Those said to have the best financial advice in the world on the share market and on company wheeling and dealing such as Holmes a Court, Bond and Connell were experts, and members opposite cannot tell me the SGIC has that sort of competency in its ranks, and yet those people lost money; some went broke. Holmes a Court did not go broke because he was rescued by the Government.

How many Ministers were involved in the 1987-88 attempts to get people, institutions and local authorities to invest money in Rothwells? I understand one or two Ministers, at least, rang local authorities and asked them to put money in Rothwells bank.

Hon Neil Oliver: One or two? A lot more than that.

Hon G.E. MASTERS: I can think of one that Neil Oliver knows about.

Hon Neil Oliver: I certainly do.

Hon G.E. MASTERS: People were asked by Government Ministers to put money in the bank. I hope they drew it out in time, but I suggest a lot of taxpayers and local authorities may have lost money as a result. What is the legal responsibility of such Ministers where parties have lost their money? What political interference was there when the R & I Bank made its recent deposits and advances to Rothwells, which it has now lost? Did the Government put out a word? Did the Government put an arm lock on people and say, "You have got to put money in to save the bank, and delay the collapse of the bank until after the

election"? That is what this is all about. I imagine that people who have been badly hurt will be deeply worried.

I have already made the point about the BLF withdrawing \$800 000, and that should be included in this list of concerns I am voicing. Why did a major company withdraw a large sum of money? Why was the BLF able to withdraw funds while many small investors, I suggest on the same day, were being fobbed off, and at the end of the day got no money? There must be some sort of favouritism. There must have been pressure from the Government's own man, who was able to arrange this sort of thing, bearing in mind he was managing director of Rothwells.

I could go on talking about this saga by raising matters which I have raised time and time again. The point has been made that such is the web of intrigue, deceit and conniving occurring over recent times that there must be a special investigation. The provisional liquidator simply will not be able to deal with all the matters which need to be dealt with. He will be able to consider the assets and the liabilities and determine where the money has gone, but he will not be able to investigate at the level the Opposition is asking in its motion. The motion requests that the Government carry out an investigation into the affairs and dealings of Rothwells Ltd; the events leading to the collapse of Rothwells Limited; and all associated and related companies and dealings in the period leading to the collapse of Rothwells Ltd. The Opposition is not in a position to demand a special investigation. However, it strongly recommends a special investigation under sections 291 and 292 of the Companies (Western Australia) Code and I would suggest the Government would be hard pressed not to consider the recommendations. The Opposition would like a full investigation into Rothwells' dealings. It wants the Government to request the appointment of an independent and highly qualified person to the National Companies and Securities Commission to conduct the inquiry. Admittedly, the Government will have to foot the bill and it could cost \$1 million. Nevertheless, that is chickenfeed when one considers the amount of money that has been lost. It is necessary to get to the bottom of the matter to determine who is responsible for what has occurred.

I guess the qualified person appointed to carry out the investigations would probably have qualifications similar to those of the special prosecutor appointed to carry out the bottom of the harbour investigations - that is the sort of parallel one could draw. However, whoever that person is he should have a senior barrister to advise him because there will be legal challenge after legal challenge to get to the nub of the problem. The special investigator could be appointed by the Commonwealth Government in the national interest, but I suggest that is not likely. I guess the Queensland Government, because Rothwells had its headquarters in Queensland, could initiate an investigation. However, because of the huge loss of public money it is the responsibility of the Western Australian Government, in the public interest, to nominate a special investigator and have the investigation carried out properly. If an investigation of this kind were carried out, it would not stop people from debating this issue and the matter would not be sub judice. It is no good the Premier and the Government frantically trying to bail themselves out of WA Incorporated when they know they are as guilty as hell. It is no good their setting up a commission to study what will occur in the future. That is not the point; the Opposition wants to know where hundreds of millions of dollars have gone, to whom it has gone and who is responsible for the loss of those funds. That is what this motion is about.

I hope, in view of the seriousness of the situation and in view of the deep concern of almost everyone in Western Australia - everyone is talking about it - the Government will show good faith and will realise something should be done and will support this motion. As a result, a special investigator will be appointed. I reiterate: It will be up to the Government to select an independent investigator. If this is done, I suggest we might at last learn the truth of the events. If the Government does not clear its name and does not show a genuine concern to put things right - it can only do that by finding out what has happened to this money - people will see Government members for what they are: hypocrites and humbugs who really do not give a damn about the public purse and certainly want to cover up as much as they can until after the next election.

HON J.M. BERINSON (North Central Metropolitan - Attorney General) [4.46 pm]: There is no denying the importance or the seriousness of this issue and the Government's determination to address it. I, therefore, had no hesitation in agreeing to the proposal by the Leader of the Opposition to suspend Standing Orders to allow this debate to proceed

immediately. There the agreement between us, I am afraid, must end. There is not only a difference between us on the facts, although that is of course a vital issue and one which I will address shortly, but also and equally important there is a fundamental difference as well in the respective attitudes of the Government and the Opposition to the Rothwells Ltd collapse. Of course the Government is very conscious of the politics of the situation, but its main concern is with the collapse itself, with its financial and economic implications for the investors, depositors and debtors of Rothwells and for the general financial stability of the State. The Opposition, by contrast, is positively happy with the collapse. Members opposite cannot disguise -

Hon P.G. Pental: Even you do not believe that.

Hon J.M. BERINSON: - how delighted they are. Their spokesmen do their best to suppress how gloating they feel about the course of events, but they cannot suppress it: It comes out very clearly that they basically welcome this collapse for its political possibilities. Going further than that, they indeed welcome it as a situation which their own activities have done a great deal to produce.

Hon N.F. Moore: Rubbish!

Hon P.G. Pental: Every journalist in Australia thinks you are not telling the truth when you say that. You are making a fool of yourself.

Hon J.M. BERINSON: The Government does not say for one moment that the approach by the Opposition and the vastly damaging statements which they have produced in recent times were alone sufficient to have produced the events which have occurred, but they certainly contributed to them. They came at the most sensitive time possible, and if the Opposition wants to deny that it had some significant impact it is simply ignoring the realities.

It is important to address the facts in a detailed way, and for this purpose I intend to quote at length, although in an abbreviated and slightly modified form, a statement by the Premier made earlier today. He spoke in the following terms -

In October last year world financial markets faced the most serious crisis since 1929. Such was the climate generated by that crisis that no financial institution could assume that it would not be affected no matter what its real financial position or strength. That crisis presented the State Government with the most difficult decision it had faced since taking office. That decision would be made against the background of a crisis that began in New York on 14 October 1987. On 19 October 1987 the Australian market recorded its biggest one day fall. By the end of the month an estimated 40 per cent had been wiped off the value of the Australian market. It was in that context . . . that the State Government was informed that one of the nation's biggest merchant banks, Rothwells Ltd, faced a potentially fatal liquidity crisis. Over a period of days the Government was informed of the details of the crisis facing Rothwells and of a rescue package involving a number of leading Australians who were prepared to commit funds to Rothwells if the State was prepared to provide support in the form of a guarantee facility . . .

It was put to the Government that its participation was crucial to the plan because of the confidence it would help restore to the fragile financial environment.

After advice on the position of Rothwells, which was provided by Wardley Australia Limited - the organisation underwriting the rescue package - and an examination of the merchant bank's audited accounts, the Government advised that it was prepared to consider the proposal. The Leader of the Opposition has indicated in many interviews that it was the hardest political decision he had ever been forced to make. How much harder was the decision for the Premier of the day and his Government, who did not have the luxury of simply walking away from it? Clearly, the easiest decision for the Government would have been to say no, but the consequences of that decision need to be examined.

At the time of the crash Rothwells conducted 80 per cent of its business in Western Australia. It was a lender to some 400 companies.

Rothwells attracted funds from a wide range of smaller investors across the full

spectrum of industry sectors. They included small engineering firms, transport companies, builders and manufacturers.

Similarly, Rothwells attracted funds from a range of larger corporate investors... schools, hospitals, welfare groups, and... a number of local government authorities... The total number of jobs at risk could have been as high as 7 000.

I interpolate to say that details of the way in which this estimate is arrived at are provided in the Premier's comments in his more comprehensive statement earlier today. As well as the jobs directly at risk, the collapse of Rothwells last October would have had a very large indirect effect on State services and costs. For example, and I quote further -

A significant number of church based, charitable and local government organisations held funds with Rothwells. Had the company collapsed immediately following the 1987 share market crash it is certain that many of those groups would, out of necessity, have applied to the State Government for funds to continue their welfare programs as well as to ensure their own existence. There is no doubt that a considerable proportion of the work carried out by charitable, service and welfare groups would have, through necessity, fallen to the Government. Similarly, church based schools and hospitals may have contracted their operations, placing additional demands on the State. In addition, the inevitable increase in bankruptcies among small investors would have led to increased demands on Government, welfare and industry assistance schemes. It is estimated that additional demands on Government funds from those sources could have totalled \$60 million to \$70 million. That is a figure which falls within the range of losses that the Government now expects to incur. Those are the very tangible consequences had Rothwells been allowed to collapse at that time. The fact is - and this has been identified by financial observers many times in the past few days - that a liquidation of that magnitude in the financial sector could also have shaken confidence in other institutions and threatened their stability. Had that occurred and led to a run on other non-bank institutions, it is impossible to calculate the consequences.

Clearly, given the climate at the time, the collapse of Rothwells may well have been only the tip of the iceberg. It is a matter of record that the Government agreed to provide a guarantee facility to Rothwells to the value of \$150 million. It did so for three reasons: To maintain confidence in financial institutions; to save a large number of small to medium WA businesses which relied on Rothwells for finance; and to protect community organisations and local government authorities, which had \$60 million to \$70 million deposited in more than 200 accounts in Rothwells. The Government did so only after it had received guarantees that the then principal of Rothwells, Mr Laurie Connell, had backed the rescue with all his personal wealth.

The Government has always known that politically the decision to join the October 1987 rescue would be a difficult one to live with. Today, with the value of hindsight, that decision has gathered many more critics. It is worth looking at some of the comments made a year ago about the Government's decision.

The Executive Director of the Confederation of Western Australian Industry, Mr Bill Brown, said about the Government's involvement, "This seems to be a prudent exercise in damage control and not for the sake of the particular company but for the sake of the wider community." The comments of the financial commentators reflected the seriousness of the situation. Max Walsh, on "The 7.30 Report", said, "There was a risk of a crisis of confidence, in Perth in particular, and as we saw in that report there are a significant number of people who doubtless were quite important employers in Perth, and dependent upon finance from Rothwells to keep going, and so it could have had a domino effect right through the Perth business community." An editorial in *The West Australian* of Tuesday, 27 October 1987 when commenting on the possible effect of a Rothwells collapse said, "... and that would have been little short of disastrous for business and the WA economy as a whole." So while that newspaper questioned the Government's role in helping troubled private businesses, it said that the Government had acted, "for the best of reasons - and wisely in the final analysis."

It is now clear that the October 1987 crash had a much more devastating effect on Rothwells than anyone thought at the time. The more than \$200 million committed by leading Australians as part of the October rescue package appears to have been swallowed up. The Government was advised that its \$150 million guarantee facility would be unlikely to be called upon. Only a full investigation by the liquidator will reveal the full detail of what happened; and that investigation is being held. However, by earlier this year, Rothwells appeared to be benefiting from a restructuring of the company, and the consolidated financial statements for the half year ended 31 January 1988, and released in March, showed the company to be in a sound position. In the meantime, the Government, having committed itself to a two year obligation to Rothwells, was again asked to assist when Rothwells faced liquidity problems. It was against that background that the SGIC undertook financial transactions under bills of exchange to a value of about \$50 million in Rothwells between November and January. I should say at this point that that \$50 million is in effect the \$50 million referred to in some media reports in the last week which incorrectly implied that the SGIC had injected that amount into Rothwells during the past few weeks.

While it is now possible with that wonderful weapon of hindsight to say the Government should not have allowed that exposure, the decision was made on a commercial basis. To not have done so could have exposed the entirety of the Government's \$150 million guarantee as a result of what seemed on commercial information to be a liquidity problem. However, about two weeks ago the Government was informed that there were now severe liquidity problems. In response to that advice, and as the only responsible course of action in the circumstances, the SGIC sought independent legal and financial advice. That detailed advice took, by necessity, several days to finalise. We believed in the interim that we had no option but to allow the SGIC to try to protect its original investment. As a result, and as I have already explained publicly, I authorised the SGIC to make a deposit to Rothwells of \$12.5 million on 28 October. That \$12.5 million forms part of the SGIC's exposure to Rothwells of \$88.8 million. It was during this period that SECWA accepted an offer from Western Collieries to make a \$15 million advance payment for the purchase of coal.

The offer from Western Collieries was initially put to the SEC on 10 October. The arrangement eventually agreed to was made on a commercial basis favourable to the SEC, and a payment was made to Western Collieries. The Opposition has sought to make out that the SEC was buying coal that it did not need. The fact is that the SEC had a contract to take the coal, and in this case was merely paying in advance in return for commercial benefit. There has been considerable publicity about where the payment went. As far as the Government is concerned, SEC paid Western Collieries. If there are any doubts about what subsequently happened, they will be resolved in the detailed examination of the affairs of Rothwells that is currently taking place.

I now turn to the question of the withdrawal of the Government's \$150 million guarantee facility. The wonderful thing about being in Government is that we are damned if we do and damned if we do not: Having taken the political flak for providing the facility, we now find we are being criticised for withdrawing it. We were assured that Rothwells could carry on without the guarantee facility. Much has been made by the Opposition of a meeting attended by myself and Mr Grill, the Minister for Agriculture, at Rothwells on 20 October. As I said at the time, we discussed the withdrawal of the guarantee.

[Questions taken.]

Hon J.M. BERINSON: I continue to quote -

The Opposition has used emotive and headline grabbing terms like "secret" and "late night". The meeting was not advertised, like many meetings held by the Leader of the Opposition. However, it was not a secret meeting. The meeting was at night because that was the only time I could make it.

The Government was placed in an almost impossible position in the two weeks before Rothwells sought the appointment of a provisional liquidator. It was trying to protect its exposure at a time when Rothwells was seeking lines of credit to enable it

to continue. At the same time, the Opposition was seeking, inside and outside of Parliament, details about the Government's position, and to denigrate Rothwells . . . It is unfortunate that the comments made by the Leader of the Opposition, the Deputy Leader of the Opposition and the member for Cottesloe went far beyond legitimate requests for information. It should be remembered that we offered to brief the Leader of the Opposition so he could be aware of the damage the Opposition's comments were causing to the prospects of protecting the investments of not only the SGIC but also several hundred small investors . . .

On 2 November Rothwells sought the appointment of a provisional liquidator in the Supreme Court of Queensland, and the SGIC supported that application. At the same time I made it clear that the Government would not take part in any further rescue of Rothwells. I have not yet had any congratulations from the Opposition on that score, but I accept that that decision contributed to Rothwells having to close its doors. Until Rothwells' assets are realised, it is impossible to say with any certainty what the losses will be, but I am confident, on the advice I have received, that it will be considerably less than the \$150 million exposure the Government originally committed itself to.

Our independent advice is that in the worst case, losses could total up to \$100 million, and that worst case figure includes the possibility of the Government's \$150 million guarantee facility being called upon, but I do not believe this will happen. At the time the provisional liquidator was appointed, neither the Government nor its instrumentalities had any cash deposits in Rothwells. The SGIC had an investment of \$88.8 million. This investment and any losses resulting from it should be considered in the light of the SGIC's unaudited profit figures for 1987-88 of \$137 million.

The R. & I Bank, in its normal course of lending activities, lent Rothwells \$17.5 million which was secured. The R & I has since said it will move quickly to collect this amount, and expects to recover the money fully by realising securities. The Government Employees Superannuation Board has issued a statement saying that it had traded in Rothwells shares since 1985. Its current shareholding of 1.44 million Rothwells shares was valued at \$1.05 million at 30 June this year. At the same time the board had shares valued at about \$500 000 in companies which could be affected by the failure of Rothwells. The board pointed out that its total exposure to Rothwells and companies which may be affected by the failure of Rothwells of about \$1.5 million needed to be considered in the context of an overall investment portfolio of about \$500 million.

It is common knowledge that the Opposition believed that it needed the collapse of Rothwells to have any chance of winning the next State election. While it would be nonsense to blame Rothwells' demise entirely on our political opponents, there is no question that their actions contributed substantially to a breakdown in confidence and the ability to examine financial solutions to the problem.

As I mentioned earlier, I offered the Leader of the Opposition and his colleagues a briefing when it became clear just what effect the Opposition's attack was having on Rothwells. It is also well known that the Leader of the Opposition rejected that proposition and sought instead to continue the debate at a political level at a time when efforts were being made by others to limit the financial impact on investors and those businesses which relied on Rothwells.

Given our political opponents' strategy, it is hard to blame them for their current enthusiasm at the Rothwells' tragedy. It is not surprising that we should see some political opportunism at a time like this. But I note that the Opposition has changed tack on several occasions in the past few days in a bid to gain as much political mileage as possible.

Most recently there have been suggestions that it may block the Budget. Such an action would be not only unprecedented and irresponsible but also quite ridiculous.

Hon G.E. Masters: It will never happen.

Hon J.M. BERINSON: It is interesting to hear the Leader of the Opposition say it will never happen. I trust he has conveyed that view to the leader of his party.

Hon G.E. Masters: It was misreported, and it will never happen.

Hon A.A. Lewis: You are dragging out every possible thing, aren't you?

Hon G.E. Masters: Yes.

Hon J.M. BERINSON: I will continue with the quote from the Premier's remarks as follows -

We can only speculate on the consequences that such a cynical action would have on a range of vital Government services such as power, water and sewerage, and on the employment of such people as police officers, nurses and teachers. The Leader of the Opposition now seems to concede this, and has backed down from his enthusiasm for this position.

Hon G.E. Masters: It was misreported; he has never said that.

Hon J.M. BERINSON: I will continue as follows -

The fact is that the 1988-89 Budget, which is currently before the Parliament, is unaffected by the State's exposure in Rothwells. The endeavours of our Liberal opponents in the upper House this time would be even more cynical than their constitutional vandalism a decade ago.

At a time when there is much damaging publicity for the State about the collapse of Rothwells, it is worth looking at the economy of the State of Western Australia. The facts are these: 44 000 jobs have been created in the past year. Industrial disputes are at their lowest level since 1979. New housing construction - the highest rate in Australia - is almost 60 per cent above the national average. Last year 22 000 houses were built. The youth unemployment rate is the lowest in Australia.

Hon G.E. Masters: Taxation is the highest in Australia.

Hon J.M. BERINSON: To continue -

The investment rate per head of population is double that of any other State, and exceeded \$3 300 million last year. The unemployment rate at 6.4 per cent is the second lowest in Australia; the lowest in seven years.

Hon G.E. Masters: Talk about taxation.

Hon J.M. BERINSON: I will come to that. To continue -

Let us look at a comparison between Western Australia now under Labor and when the Liberal Government was in power. The rate of industrial disputes has been cut by 60 per cent. Employment is up at 156 900 jobs. The unemployment rate has dropped from 10.4 per cent to 6.4 per cent. The value of building approvals has increased threefold. Inflation, at 7.2 per cent, is down from 9.5 per cent. Investment is up 30 per cent. The youth unemployment rate is down from 24 per cent to 14 per cent. The State public debt liability has been cut by \$8 000 million.

Hon P.G. Pental: I think you might have to readjust that after the last couple of weeks. In fact, I am sure you will.

Hon E.J. Charlton: These are old figures.

Hon J.M. BERINSON: Of course they are old figures.

Hon P.G. Pental: You are out of date by a couple of weeks.

Hon J.M. BERINSON: I have been trying to keep to the Premier's comments, as is my duty, but I cannot resist replying to the interjector.

Hon P.G. Pental: Lies, damned lies and statistics!

Hon J.M. BERINSON: How on earth can Hon Phillip Pental, listening to this record of achievements, hearing about the huge advances which we have made in the economy of this State, and considering the basic health and leadership of the country in respect of the economy, even taking the very worst scenario of a \$100 million loss, suggest that we are now in some sort of peril and on a slippery slide? That would be about the most absurd statement I have heard from that member.

Hon P.G. Pental: Four hundred million dollars is nothing?

Several members interjected.

The DEPUTY PRESIDENT (Hon D.J. Wordsworth): Order! I know the Attorney General wishes to get back to his speech.

Hon J.M. BERINSON: I am very anxious to get back to the Premier's comments, but Hon Phillip Pental is being very provocative. First, he multiplies the maximum size of the exposure by four.

Hon P.G. Pental: You said that about Teachers Credit Society when the amount involved was \$49 million. It is now \$119 million. Have we magnified that? You cannot even add up. You are not even capable of being the Minister for Budget Management.

Hon Graham Edwards: You are getting personal now. Address the issues!

Hon P.G. Pental: The issue is \$400 million.

The DEPUTY PRESIDENT: Order!

Hon J.M. BERINSON: I will come back to this point a little later, because I still have my first duty to perform; that is, to present the House with the facts.

Hon A.A. Lewis interjected.

Hon J.M. BERINSON: I know the facts are very unpalatable to Hon Phillip Pental, Hon Gordon Masters and, apparently, Hon Sandy Lewis, who appears to be getting very agitated about all of this.

Hon A.A. Lewis: I will deal with you afterwards.

Hon J.M. BERINSON: One of the problems with members of the Opposition is that they deplore good news. They do not like to hear the truth.

Hon A.A. Lewis: When has this Government ever told the truth?

The DEPUTY PRESIDENT: Order!

Hon G.E. Masters: The good news is that you are in desperate trouble.

Hon D.K. Dans: I do not think so and I am a pretty good judge of figures and elections.

The DEPUTY PRESIDENT: Order!

Hon J.M. BERINSON: Not for the first time, I have to put quite seriously to members opposite that they should not be so unhappy about good news. The truth is that the economy of this State is a marvellous economy; the development is outstanding. We lead the nation. Deplorable and regrettable as the losses which will emerge from the Rothwells collapse are, they do not affect the basic strength of the State.

Hon P.G. Pental: Through your incompetence.

Hon J.M. BERINSON: On the contrary, the basic strength of the State gives us an unprecedented ability to absorb the potential losses which have to be faced up to.

Hon P.G. Pental: Bail out your mates.

Hon J.M. BERINSON: I urge the Opposition in the interests of the State to be a bit more positive about its comments on the state of the economy, to accept good news, to reflect on it and to get away from all this doom and gloom and whingeing that has been going on.

Hon P.G. Pental: You caused it, not us.

Hon J.M. BERINSON: I do not say that with a view to suggesting that there are not real problems to be faced in the Rothwells issue. Of course, there are such problems but that is not a reason to talk down the State. There is no factual basis for doing it.

I now return to complete my reference to the comments by the Premier. The statement continues -

In the last three years of the previous Liberal Government, rates and charges increased by an average of 20.7 per cent per year, which was twice the rate of inflation.

Hon Mark Nevill: They were hopeless managers.

Hon J.M. BERINSON: To continue -

Since then, under Labor, rates and charges have increased at an average of 5.4 per cent per year which is less than the rate of inflation and less than the growth of average incomes.

Hon P.G. Pandal: That is rubbish and you know it.

Hon J.M. BERINSON: I have to interrupt myself again, because Hon Phillip Pandal now is not only refusing to accept good news, he is also refusing to accept the truth that the average increase in rates and charges under his Liberal Government was 20.7 per cent.

Hon P.G. Pandal: You are not telling the truth.

Hon Graham Edwards: Take a point of order if you do not believe he is telling the truth. You just sit over there making those snide remarks, trying to talk the State down. Listen to the truth and listen to the facts.

Several members interjected.

The DEPUTY PRESIDENT: Order!

Hon J.M. BERINSON: I return to the Premier's comments. The statement continues -

There will be no increases for families this year, although water rates have increased for a small proportion of big users to encourage conservation.

The Opposition has called for some form of inquiry into the collapse of Rothwells. The Government agrees that there is a need for a full investigation and it is interesting to note that it was the SGIC which supported the application last week for the appointment of a provisional liquidator. There can be no more vigorous examination of the financial affairs of a company than the liquidation process. The provisional liquidator - or the liquidator - is an officer of the court, in this case, the Supreme Court of Queensland. His investigation will provide an exhaustive examination of the events leading to the collapse of Rothwells. During this process, the liquidator has a strict obligation to provide information to the Court and report on various matters such as breaches of the law. On 14 December the provisional liquidator is due to make his first report to the Court. It would be inappropriate to interfere with this formal legal process.

I have asked the liquidator to include in his investigation the circumstances surrounding the rescue of Rothwells in October 1987. This will include advice on the financial position of Rothwells at the time and the advice on its condition given to the Government. In addition, the National Companies and Securities Commission has been monitoring and continues to monitor the position closely. The Government gives an unequivocal commitment that if during and after investigation by the liquidator there is a need for further action, it will be taken.

I do not expect the Opposition to cease criticising the Government's decision last October to provide the \$150 million guarantee facility or subsequent actions. However, there is no question that the creditors of Rothwells, including the SGIC, will be worse off if the Opposition continues to be motivated by political gain alone. We are willing to face the criticism that comes with a tragedy such as this. However, in a situation where many people have been hurt financially and many more face the prospect of losses, I urge the Opposition to recognise that there is more at stake than politics and to act in a responsible manner.

Yesterday I announced an important strategy which will increase public scrutiny of Government investment activities. This is a 15 point accountability and enforcement plan. The centrepiece is a five member Commission on Accountability which will be set up under the chairmanship of Sir Francis Burt, the former Chief Justice of Western Australia. Its membership will include the Executive Director of the Confederation of WA Industry, Mr Bill Brown; the Under Treasurer, Mr Ross Bowe; the Auditor General, Mr Alan Smith; and at least one further nominee from the private sector. The commission is only the first of a series of steps which will result in the most comprehensive examination ever undertaken of the accountability procedures covering Government investments.

Finally, I again give a firm undertaking that the Government will take whatever action is necessary to ensure that the events surrounding the collapse of Rothwells are fully and adequately investigated. As I said earlier, there can be no more vigorous investigation into this matter than that which will be conducted by the liquidator. The Government is committed to taking appropriate action following consideration of any interim or the final report by the liquidator appointed to examine the affairs of Rothwells Limited.

That is the end of my quote from the Premier's statement. I turn now to address more closely the terms of the motion moved by the Leader of the Opposition. This motion is directed to a special investigation under section 292 of the Companies (Western Australia) Code. As I have already indicated, the Supreme Court of Queensland has appointed a liquidator to investigate and report on the Rothwells collapse. I have also indicated, both in my earlier comments on this motion and during question time, that the National Companies and Securities Commission has made clear that it will also use its own very comprehensive investigatory powers to consider not only the current position of Rothwells but also the background to it.

Hon Gordon Masters spoke at some length, but interestingly he offered no reason for a section 292 investigation. In particular, there was nothing in his comments to suggest why, or in what way, the combined inquiries by the liquidator and the NCSC would be other than fully adequate for the purpose. The Leader of the Opposition spoke in terms of the need for an independent and highly qualified investigator and that seemed to be the basis on which he was arguing for a special investigation. In fact, in referring to an independent and highly qualified investigator the honourable member was describing the NCSC itself. Its officers are independent and highly qualified. Not only that, but even if we were to move down the special investigation route, which Hon Gordon Masters has moved for, it needs to be understood what is the nature of the process; it is not a process which, as he suggested, would involve the Government in making its own appointment of an investigator.

Hon G.E. Masters: You would recommend; is that what you are saying?

Hon J.M. BERINSON: I am not saying that, either. I am saying that it is a process which calls on the NCSC to ensure that a special investigation is held and my understanding of the position is that it is then open to the NCSC to appoint the commission itself, one of the commissioners, or someone else to conduct that investigation; in other words, the question remains at arm's length from the Government itself, but it is open to the commission to conduct that special investigation.

The other matter I think needs to be clarified is just how extensive are the commission's investigatory powers. They are put in the widest possible terms in section 16A of the Companies (Western Australia) Code and they are fortified by other provisions in sections 11 and 12 of the code and elsewhere. Provisions analogous to those are also to be found in the Securities Industry (Western Australia) Code, the Takeover Code and the Futures Industry Code. There is also provision in the National Companies and Securities Commission (State Provisions) Act for the NCSC to conduct hearings. When we talk about the NCSC we are really talking about a powerful investigatory body and before it is suggested - as implied, I can only say, in Mr Masters' comments - that the NCSC is not up to the job either under its regular powers alone or in combination with the powers which the liquidator can bring to bear, there has to be good reason for that. All I can say at the moment is that Hon Gordon Masters did not provide those reasons and, for myself, I should add that nothing has been put to me so far to indicate that the combined capacities of the liquidator and the NCSC are other than fully adequate for the purposes which Mr Masters appears to be aiming at. On that basis, I will therefore oppose the motion.

Hon G.E. Masters: Is the Attorney General saying that he would agree to make a request to the NCSC for an investigation?

Hon J.M. BERINSON: Is Hon Gordon Masters saying for a special investigation?

Hon G.E. Masters: Yes.

Hon J.M. BERINSON: No. I am saying that nothing has been put to me to suggest that the ability of the NCSC in current circumstances, especially when combined with the powers of the court appointed liquidator, are other than fully adequate to meet the needs of an inquiry,

both as related to the current position of Rothwells and to the circumstances leading to it.

Hon G.E. Masters: Does the Attorney General realise that the NCSC is a bit tight on finance and this would be a very expensive exercise?

Hon J.M. BERINSON: This is not a situation where the NCSC would be restricted in meeting its duties because of lack of finance.

Hon G.E. Masters: Is the Attorney General saying that adequate finance will be available?

Hon J.M. BERINSON: I am sure that the ministerial council will not allow the NCSC's activities on an issue of this kind to not proceed or to be left incomplete on the ground of financial stringency. This is not by any means an unusual sort of inquiry for the NCSC.

Hon G.E. Masters: Is the Attorney General admitting that these are very special circumstances?

Hon J.M. BERINSON: They are not all that special. It is a very serious circumstance and a major example of its kind, I agree with that, but it is not unusual in the experience of the NCSC, which is used to handling large, indeed huge, issues.

I conclude on this one item which I referred to briefly in response to an interjection, but I return to it. I put seriously to the House that we should desist from going down the road taken by the Leader of the Opposition at one stage to talk about how badly things are perceived overseas and this is really impacting on the State's ability to present itself.

Hon G.E. Masters: I was reading from Press articles; they are not my words.

Hon J.M. BERINSON: I know where the Leader of the Opposition was reading from. But he was giving greater currency to it.

Hon P.G. Pental: Leading stockbrokers in this town have said the same thing publicly, including the new chairman.

Hon J.M. BERINSON: I am saying that Western Australia has an economy that can be the envy of every State of Australia and most places outside Australia as well. We should not rubbish that. To the contrary, to the extent that we have anything to say we should be referring to the basic strength of this economy which will not be affected except at the margins in terms of accommodating the loss in dollar terms. This is, I repeat, a serious and painful exercise, but the economy is not only sound but also strong, a most attractive economy for potential investors, and we should, whatever current political line we take for short term advantage, not take that further to a point where things that can be said here, or by people here, might outside the House reflect adversely on the State.

We have a serious problem, we are addressing it in a most comprehensive and very determined way, and are treating it as a matter of urgency, but we are doing it with the proper perspective; that is, that neither this event nor any other should be used, or allowed, to reflect on the basic economic strength of this State and its continued attraction for investment. That goes to the welfare of all Western Australians.

Hon P.G. Pental: You should have thought of that before you embarked on an irresponsible course; it is too late now.

Hon J.M. BERINSON: That is precisely the sort of thing which, considered elsewhere, could be taken to be a reflection on the basic argument I am putting.

Hon P.G. Pental: Otherwise we would not be arguing this today.

Hon J.M. BERINSON: I put it to the honourable member and to the House that, serious as these issues are, we should not allow our interest in the politics of the position to overshadow the basic fact that we have a terrific State.

Hon P.G. Pental: We do not dispute that.

Hon J.M. BERINSON: We have a State with a very vigorous economy, and that has been contributed to in a major way by the policies of this Government.

Sitting suspended from 6.01 to 7.30 pm

HON E.J. CHARLTON (Central) [7.30 pm]: On behalf of the National Party I support the comments made by the Leader of the Opposition in his motion regarding the Rothwells

situation. The comments made by the Attorney General in response simply do not add up.

Hon Robert Hetherington: Neither did the comments of the Leader of the Opposition.

Hon E.J. CHARLTON: The public of Western Australia are tremendously concerned about the situation confronting them. People are concerned about the activity of the Government over the last 12 months following the share market crash and the subsequent realisation that a number of companies as well as Rothwells were in severe financial trouble. We heard at the time of the initial rescue from the then Premier, from others in the period since, and from the Attorney General tonight, that the Government's action was warranted simply because those investors' funds would be in danger if some action was not taken to rescue the bank. This gave time to Rothwells to trade out of trouble and acted to safeguard the investors and the companies that borrowed money from the bank. There was a great deal of conjecture at that time - as there has been since - whether that was the right thing to do. There were some serious questions about the actions of the Government and the decision that it made. The big question that confronts us today does not relate to the decision that the Government made at that time, but to what has happened since. The area of concern for investors, borrowers, the whole business industry and for the population of Western Australia is trying to discover what on earth has been going on. The Government has had plenty of time to come clean and inform the public of Western Australia about what actually has been taking place.

Twelve months ago the Government made a series of statements about why a rescue was required, but since then the Government has not made such statements to keep the Parliament, and more importantly the people of Western Australia, informed about what has taken place and the subsequent arrangements and deals. That is why we on this side of the Parliament, as representatives of a great many people, represent the concerns that are widespread among the community and are pursuing the questions that need to be answered. The overriding point about all of this in relation to what the Attorney General has said and the comments of the Premier that he read in this Chamber tonight, bearing in mind what has taken place in the past, is that it is not possible to simply say, "Okay, the Government has now decided to come clean and we can all sit back and relax because everything is going to come out into the open." All along the line the Government has been saying, "Trust us, everything is under control." It has said that the operations of the SGIC are all okay and there is no need to be concerned about them. The same situation applied with the Teachers Credit Society and the Swan Building Society while the whole saga was going on.

The main thrust of what I want to say in supporting this motion by the Leader of the Opposition is that we cannot just wait and see what happens and hope that the Government has decided to make all the facts public, as is implied in the television ads that are running at the moment. It really comes down to saying, "We have made some blunders but now we are going to go straight so you can trust us."

Hon Garry Kelly: Saving Rothwells was not one of them.

Hon E.J. CHARLTON: If the Government had come clean all the way along the line and had said each time that another rescue or action had to be taken and had given the reasons for the action, the public and the Parliament would not have been in a position to put two and two together and come up with all sorts of beliefs that have been proven to be correct. If the Government had come out and said that things were not going as it had hoped and another injection of finance was necessary because more people than anticipated had removed their deposits from the bank because of its questionable operation and viability, the people of Western Australia would have been kept informed about the situation; if that had been the case the Government would not be in the position that it is today.

Hon Garry Kelly: Was the original decision wrong?

Hon E.J. CHARLTON: The National Party was not informed, as other members of Parliament were, of what the original terms of the rescue were.

Hon Garry Kelly: But it supported the decision.

Hon E.J. CHARLTON: Yes, for the reasons I am giving today; that is, that the people who had investments and life savings in Rothwells needed to be supported to safeguard their funds. The Government at that time came out and said that the reason for the action was the share market downturn and collapse around the world. Since that decision was made the Government has not told the people of Western Australia about what has taken place.

Hon Tom Helm: That is your point of view. Are you suggesting that it did anything crooked or criminal?

Hon E.J. CHARLTON: The Government chose to play Monopoly with various Government bodies in their financial operations and tried to manipulate the situation and hoped the situation would come good. It is not good enough to take a deep breath and say, "Gee whiz, fortunately we got away with that one." Governments are the representatives of the people, and Governments are only as good as the results of their day-to-day activities. Oppositions have responsibilities, and any Government is only as good as its Opposition. Oppositions keep Governments on their mettle by asking questions. What would have happened in the present situation, if it were not for the actions of the Opposition? The public would never have been informed. We could have gone on into the next election and the people of Western Australia would not have been informed about what is happening to taxpayers' money.

Hon T.G. Butler interjected.

Hon E.J. CHARLTON: If members cannot understand the point I am making I will explain the reason for the motion under debate. We cannot take the word of the Premier when he says that we do not need to worry about the situation because the Government will create a commission to ensure that in future any investments made on behalf of the taxpayers will be hunky-dory; there will be no shifty deals.

Hon Garry Kelly: There were no shifty deals before.

Hon E.J. CHARLTON: If that is so, why does the Government intend to organise a commission to guarantee that everything will be okay? This is the Government's decision, not mine. We have been told that the Government will create this organisation to safeguard taxpayers' money. There should not have been a need for the Government to do this.

The PRESIDENT: Order! There are far too many audible conversations, as well as interjections. I say to the member using the telephone that I have already given a ruling that the telephone is supplied for the Whip; it is not for members to make private conversations. I am fed up with members who seem to think there is one set of rules for them as individuals different from the set of rules that applies to everyone else. If members wish to have 34 telephones installed in this House, all they need to do is instruct me to have them installed and I will do so. This constant use of the Whip's telephone - which is there for the purpose of the Whip to carry out his or her job of ensuring members are present - is an abuse, particularly if the user speaks in the same tone of voice as if he were using a public telephone box. I will not tolerate that. This debate is a very sensitive one and it is to be carried out in a proper and dignified manner - that means, without audible conversations continuing while any member is trying to address the House.

Hon E.J. CHARLTON: Perhaps the Labor Party is getting ready to have its next parliamentary party meeting in a public telephone box.

Hon J.N. Caldwell: That's after the election.

Hon T.G. Butler: Don't order your car.

The PRESIDENT: Order!

Hon E.J. CHARLTON: I should not laugh at my own jokes.

Hon T.G. Butler: You were saying specifically -

The PRESIDENT: Order! Hon Tom Butler will not put words into members' mouths.

Hon T.G. Butler: I was bringing him up to date.

The PRESIDENT: I know exactly what the member was doing.

Hon E.J. CHARLTON: As you have said, Mr President, this is a serious subject. I do not need to bring home to the population of this State just how serious the situation is. As the Attorney General said, it involves not only a matter of \$100 million of taxpayers' money being used to foot the bill, but also the principles of honesty and integrity. The Government has not only been involved financially in the whole Rothwells question over the last 12 months, but it has also become involved in the management situation to a large degree. We have been told that it did so to safeguard the taxpayers' investment. Two matters need

consideration: First, the funds which the Government has contributed, both directly and indirectly; and the credibility of the Government and the way in which it goes about its business. As a consequence of the events of the last few months, this Parliament now has the responsibility to ensure that appropriate action is taken to conduct an exhaustive inquiry forthwith. The inquiry should not only establish the future of Rothwells but also inform the public of Western Australia in detail on exactly what has taken place over the last 12 months.

The National Party supports the principle of the motion and maintains that it is up to the Attorney General in this House to initiate action which should have been taken voluntarily by the Government many months ago when the SGIC and other organisations became involved in the hope that they could salvage Rothwells merchant bank and thereby salvage taxpayers' money. It is not good enough for the Government to say that the NCSC will be involved, or that a receiver will establish what has taken place. We all know too well what happened with the Teachers Credit Society and the Swan Building Society, and the conflicting statements made at that time. The people of Western Australia should not be asked to sit back and wait to see what will happen in the future, when they are not fully aware of what has happened in the past. We should not allow the Government to say, "Okay, we are sorry this has happened; we wish that it had not happened; but now we will appoint a commission to make sure everything in future will be hunky-dory and above board."

Hon Garry Kelly: That is not what is being said.

Hon E.J. CHARLTON: That is what is being said.

Hon Garry Kelly: That is not what is being said at all.

The PRESIDENT: Order!

Hon T.G. Butler: Read the statement.

The PRESIDENT: Order!

Hon E.J. CHARLTON: It is what was said. The Treasurer will form a commission with the former Chief Justice as its head. That commission will ensure that all business in which the Government is involved is okay. It would have been better had that commission been in place before. However, there was no need for it then and there is no need for it now.

Hon Garry Kelly: What has all this got to do with Rothwells?

Hon E.J. CHARLTON: It has everything to do with Rothwells. The Government would not be contemplating setting up the commission had it had nothing to do with Rothwells. Hon Garry Kelly believes in fairy tales if he asks me that. The National Party supports the motion and trusts, as a consequence of passing the motion, that the Attorney General will act in the appropriate way.

HON MAX EVANS (Metropolitan) [7.52 pm]: I support the motion. I believe it is one of the most serious motions to be debated by this House in the two and a half years that I have been here. It is a very serious motion for the Government because it concerns the Government's accountability to the people of this State. The Government now wants to set up a commission of accountability in an attempt to keep the Government honest in the future because it does not trust what it has done in the past.

Hon Garry Kelly: What has the Government done that is dishonest or criminal?

The PRESIDENT: Order!

Hon MAX EVANS: I believe that if this Government has any credibility at all it should be accountable to the people of this State, if not before it set in place this guarantee then at least after.

Hon Garry Kelly: Was the guarantee wrong?

Hon MAX EVANS: I am talking about the affairs of this company.

Hon Garry Kelly: Was the guarantee wrong?

The PRESIDENT: Order!

Hon MAX EVANS: I would not have given a guarantee.

Hon Garry Kelly: You would have sentenced those depositors to oblivion, would you?

The PRESIDENT: Order!

Hon MAX EVANS: I believe the Treasurer -
Government members interjected.

The PRESIDENT: Order! How many times do I have to tell members that debates should proceed without interjections and audible conversation. An odd interjection here and there is all right. However, when the interjections take over from the speech the Hansard reporters become discouraged.

Hon MAX EVANS: Thank you, Mr President, for that protection. I believe that *Hansard* would have recorded more of what the interjector said than what I have said and I will try to catch up.

I believe that the Treasurer should look closely at the integrity of the whole issue. A commission of accountability will stand for nothing unless it investigates this company. It needs to inform the public of what has gone on because that is what the community expects. If that is not done, the Government will have no credibility in the business community. We expected the same action to be taken 14 months ago in relation to the Registrar of Financial Institutions, but nothing has been done. We believe a proper investigation should have been made into what was not done in that case and why the registrar allowed the Teachers Credit Society to get into the situation in which it ultimately found itself. We know from the records that the National Companies and Securities Commission was involved in investigating matters that related to Rothwells last year and did not like what was going on in the company then. I cannot see how the Attorney General can ignore that. The motion recommends to the Attorney General -

that he now exercise the powers conferred on him by section 291(1) and section 292(1)(b) and (c) of the Companies (Western Australia) Code . . .

Section 291(1) states -

where it appears to the Minister -

That is, the Attorney General -

that it is in the public interest in respect of the State that an investigation be carried out into the affairs, or into particular affairs, of a corporation, the Minister may, by instrument in writing, direct the Commission to arrange for the investigation into the affairs, or into those particular affairs of that corporation.

Section 292 states -

an instrument containing a prescribed direction -

- (b) may require the investigation to be carried out by the Commission or require it to be carried out by an inspector to be appointed by the Commission; and
- (c) in the case of an investigation that is to be carried out by an inspector appointed by the Commission - may require a specified person to be appointed as the inspector and may require him to be appointed on specified terms and conditions.

The DEPUTY PRESIDENT (Hon John Williams): Order! The President indicated that this is a sensitive matter. If Hon Garry Kelly and Hon Doug Wenn wish to carry on a conversation, they can carry it on outside. Their conversation is audible to this Chair.

Hon MAX EVANS: I believe a special investigator should be appointed for the purpose of investigating this matter. Matters of this kind are usually investigated by chartered accountants with the backup of one or two barristers. They prepare their case as they investigate the matter so that the matter can be pursued in the courts.

Paragraph (1)(iv) of the motion states -

Rothwells accepting deposits when it knew, or ought to have known, that depositors were likely to lose money;

Section 556(1) of the Companies Code states -

If -

- (a) a company incurs a debt, whether within or outside the State;
- (b) immediately before the time when the debt is incurred -
 - (i) there are reasonable grounds to expect that the company will not be able to pay all its debts as and when they become due; or
 - (ii) there are reasonable grounds to expect that, if the company incurs the debt, it will not be able to pay all its debts as and when they become due; and
- (c) the company is, at the time when the debt is incurred, or becomes at a later time, a company to which this section applies, . . .

Penalty: \$5 000 or imprisonment for 1 year, or both.

Section 556(5) states -

If -

- (a) a company does any act (including the making of a contract or the entering into of a transaction) with intent to defraud creditors of the company or of any other person or for any other fraudulent purpose; and
- (b) the company is at the time when it does the act, or becomes at a later time, a company to which this section applies,

any person who was knowingly concerned in the doing of the act with that intent or for that purpose is guilty of an offence.

Penalty: \$10 000 or imprisonment for 2 years, or both.

From what has come out in the last few days, a number of matters could be investigated. The report lodged with the Commissioner of Corporate Affairs in Queensland states that there was a surplus of assets over liabilities of \$23 million. The figure stood at \$280 million in January at the time of the rescue; however, that has already been used up by the losses. The amount of \$23 million is a fine margin considering the size of the business and the debts still on hand. When members look at the report lodged with the courts they will find that there is absolutely no liquidity at all in the company. For that reason I believe that action could almost certainly be taken by the Crown against the directors under section 556 of the Companies Code for accepting funds from these persons in the last two weeks or perhaps the last month under the name of Rothwells Ltd knowing that the company was at risk. I also believe that all of the contracts and deals that were made should also be investigated. A lot has been made of the petrochemical deal and the \$175 million paid for the Government's share and the \$225 million paid by Bond Corporation for its share. That money was not used to purchase shares at all. It went to the Bond Corporation which had a lien over the shares in PICL.

We have already heard from the Attorney General today that \$25 million of that was repaid to Bond Media. Was that undue preference? Was that predetermined at the time? Was a contract or deal done because Mr Bond wanted to recycle his money? We know that \$50 million, which went into Rothwells in November last year, was paid out to Bell Resources at the same time. That is, \$75 million of the \$200 million left over after the paying of the bank went directly back to the Bond group, which orchestrated the whole deal. An investigator should be appointed to consider these two facets alone: The deposits in recent weeks and any deals made to give preference to some people over others by giving them insider information. There must be other matters, in addition to those two matters, in need of investigation.

I refer now to comments made by the Attorney General. Government members have accused the Opposition of playing politics in recent weeks in respect of our asking questions. What is Parliament all about if it is not about asking questions? If we cannot ask questions, we might as well tell Dowding that he and his Government can have the lot and can go on running WA Inc for the rest of their lives. We are all about asking questions. I do not say that we always get the right answers.

Hon Garry Kelly: The answers you want, you mean.

Hon MAX EVANS: Last year Hon Joe Berinson told me, when he could not answer all the questions I had asked him, that if Tony Barber from "Sale of the Century" went on holidays, I should be the quizmaster. Half an hour later, I had to reply that he would not win any prizes. The Opposition has had to fight to get any answers. It is amazing how the facts are coming out now. The Government did not realise at the time the honesty and keenness of the citizens in this society. The people have made us aware of what was going on. They knew that the right answers were not being given and gave us the facts because they did not like the snow job being done in Parliament and outside. It was not a case of telling untruths; it was simply a case of not telling the truth, on replying to the figures. It is all coming out now, but the Government is denying any cover-up. The Government started the rush. It now says that we are being political for asking questions. The Government has been more than political in trying to blame us.

Hon P.G. Pandal: Good point.

Hon MAX EVANS: The Government is saying that it is all our fault. We had nothing to do with putting the money in or out. We did not appoint the managing director or the head of public relations, Darcy Farrell. Those appointments had nothing to do with us. We have tried to keep an even balance. We are not irresponsible, yet the Government has tried to blame us because we asked questions. Who set this up? On the one hand, the Treasurer would not even admit that the PICL deal and the Rothwells guarantee were connected. David Parker said they were connected. No wonder David Parker is being touted as the next leader of the Labor Party. It will be the case if Peter Dowding cannot even tell the truth.

Hon Garry Kelly: What a load of rubbish!

Hon G.E. Masters: They were in a pickle.

Hon MAX EVANS: Yes, they were in a pickle. David Parker has always admitted that the two were related.

Hon Tom Stephens: Are you now trying to destroy the petrochemical plant?

The DEPUTY PRESIDENT (Hon John Williams): Order! Honourable members, I make no apology for this. You know I am in the Chair. I lay down the same rules for Hon Tom Stephens as I lay down for Hon Gordon Masters.

Hon Tom Stephens: That would be a change.

The DEPUTY PRESIDENT: It will not be a change at all. I take exception to that remark.

Hon MAX EVANS: There was a relationship between the Rothwells guarantee and the PICL deal. The amount of \$175 million was paid to PICL for the purpose of paying out the guarantee to Rothwells. It is like going to the races. Anyone who puts \$5 on a horse and loses it puts \$10 on another horse in an attempt to double his money. He might win, but more often than not he will lose unless he has unlimited funds. In this instance, there were no unlimited funds. Some money was put into Rothwells, but it could not continue to be funded. That was the trouble last year with the rescue when "Australia Inc" put in \$170 million, plus the Government guarantee. It did not last very long because well before that other parties had put in money to try to keep Rothwells going. Thus, the two were related. The Minister admitted that the two were related. Once we knew they were related, we knew there must be problems. One thing I did not know was that the guarantee was in place for two years; \$75 million was to be expired in the first year and \$75 million at the end of the second year, which seemed to raise a few problems.

Hon Garry Kelly: What were the problems?

Hon MAX EVANS: There was some question about whether the guarantee would be completely paid out in that period. The fact was queried by the bank and the Government said there was no problem with that.

The problem with the Government guarantee was that the National Australia Bank had a secured charge for \$60 million of the \$150 million. Therefore, the bank was unsecured for an amount of \$90 million, the difference between those two figures. When the Treasurer talks about an amount between nought and \$100 million, he could be referring to the \$90 million that the liquidator might want to call back. That is why Mr Nobby Clark of the National Australia Bank said that the guarantee is still in place.

Hon Garry Kelly: Are you sure he said that?

Hon MAX EVANS: He did; I heard him myself. I understand his language and I read it in the paper. I actually heard the head of the National Australia Bank say that the guarantee was still in place. Nobody tears up a guarantee until he is mighty sure that he is out of the problem. He keeps it there and that is exactly what the bank has done. It has a guarantee to protect itself. As we said this time last year, anyone giving a guarantee must realise the implications of it. He must realise that he might have to pay up. The Government will say that it does not need to pay up on its guarantee, but it merely reversed the entries. Instead of having a Government guarantee or bad debt in Rothwells, it now has an investment in PICL.

When the facts come out, I am sure we will find much the same situation with respect to Bond Corporation. We have already found out that \$75 million - \$50 million to Bell Resources and \$25 million to Bond Media - has been recycled from Rothwells. I would not be surprised if a lot of other money has gone to Bond Corporation. In other words, if it puts its money in, it knows it will get it out; if it wants to replace its investment in PICL for its debt in Rothwells it can do so. Where does Bond Corporation stand? It lent a lot of money. On 29 October last year, it took a security over all the shareholdings of Rothwells. I have not checked, but I understand that they could amount to \$100 million. That was the first security held by Bond Corporation. Then it did a deal on the John Fairfax company, the Tryart success fee, which was \$100 million. Bond went to Indosuez Australia Limited, a large overseas French bank, and arranged to draw down \$66 million. It was drawn from Indosuez, paid to Bond Media, and paid across to Rothwells. Rothwells signed a deal with Indosuez securing that debt of \$100 million which it is now fighting for *The Sydney Morning Herald*. That is how the \$66 million got from the French bank to Bond Media to Rothwells to keep it going. That was part of the rescue deal. It was a secured debt and it could quite easily have been part of the debt paid out in the last two weeks from the money that came in from the PICL deal. Therefore, it could have got its share of the money out as it was replacing its loans to the company with an investment in PICL. Finally, Gold Mines of Kalgoorlie also had secured a loan of \$75 million from about April of this year, with no record of that having been paid out before then. These deals should be looked into with respect to section 556 of the Companies Code. That is the sort of thing an investigator rather than a liquidator should look into.

It has been interesting reading the interstate Press for the past three or four weeks. I notice that Hon Tom Butler asked Hon Gordon Masters about something which appeared in *The Australian*. It is worth reading what is written there. There is a big financial Press in the Eastern States which for a very long time has not liked what has been happening with Rothwells. We can see small first and second board companies rolling over. They have been propped up. The money has been going to Rothwells and it did not roll over. Last week the *Business Review Weekly* did a major story on Rothwells as did Channel 9 on "Business Sunday" last week. There will be further programs with Helen Dalley and Michael Meagher this week. *The Sydney Morning Herald* and *The Age* ran articles on Monday, Tuesday and Wednesday this week on WA Inc and Rothwells. *The Australian Financial Review* has probably given the best coverage of the lot with three full page articles, plus two which appeared on the front page; the most prestigious financial paper in this country sent a top journalist over here for a month to see what was going on because it believes the whole of Australia must know what has been going on in this State; what is the cover up? Everything was not right in Rothwells.

The Minister has said that a liquidator can do it all. A receiver and a liquidator, under amendments to the legislation made three years ago, must report to the Commissioner for Corporate Affairs if they find acts of directors or officers of a company which are not right, and the Corporate Affairs Department may take action following that report. However, the Commissioner for Corporate Affairs is limited in what he can do there. The liquidator is an expert in liquidating companies, realising assets and putting together deals to pay off secure and unsecured creditors. He is not necessarily the man who does the investigation, which could be a bigger job than the liquidation. As I have said before, an investigator would have at least two barristers working with him to ensure that he has the right evidence to take people to court because a lot of things need looking into. I have a doubt that the commissioner will take any action.

In February 1987 Catt Corporation was funded to an amount of \$400 000 by Exim

Corporation. Mr Keith Gale of Exim ran the company and raised a lot of money for it. He carried on as though he were a director of the company. A report was lodged last year with the Corporate Affairs Department, which is under the umbrella of the Attorney General's office, and nothing happened there. I believe something should be done. I realise that the Department of Corporate Affairs and the NCSC have limited resources. I note the Premier's comment that he will lift the staff from 20 to 26. It is about time, because many things need looking into, not just Rothwells, which is the major one where we need an investigator with special powers.

From my experience, a liquidator is fully involved. A lot of people have got their money out in recent times. The BLF is one body that got its money out. Why should it have been able to go to the court on a Friday night to make a special appeal because its funds were frozen? It was given an exemption to move that money across. It amazes me that funds were able to be transferred by a bank over the weekend. It is amazing how that could be done, because cheques for other people were bouncing on the Monday. If the BLF's funds were frozen, it got undue preference. The fact that the court allowed it to unfreeze those funds had nothing to do with the drawing out of those funds; that had nothing to do with the judge. That is the sort of thing the liquidator will have a massive task looking at - all those undue preferences, particularly the cheques circulating for the PICL-Rothwells rescue. I know that the NCSC has actually got a list of all the cheques drawn and was looking at that today. I wish I could get hold of them as they would make interesting reading to see who got the preferential benefit from that \$350 million. The National Australia Bank got \$150 million, but where did the other \$200 million go? I do not think the small people were paid. It would have paid out all the small depositors. The Premier must have known what was going on as he had his advisers. If they were men of conscience they would have said that that money should not go to Bell Resources or the Bond Group; they would have said, "Let's pay out the small people; the big ones can carry the debt."

Hon Garry Kelly: What about the small investors in 1987? You would have written them off.

Hon MAX EVANS: One of the most important things was missing from the beautiful Press release read out by the Attorney General which was written for the Premier and which I felt the Attorney General as an intelligent man was embarrassed to have to read out - and he has now gone home sick. He was saying to people, "Look, will you please try to give me a fair crack of the whip. I have to read this otherwise next week I will have to do penance with the Premier. I will read the Premier's words. They are not mine." That is what we let him do. I believe he was embarrassed by doing that.

What the Attorney General did not face up to was the fact that this Government appointed Tony Lloyd - the guru of finance for the Western Australian Government, who came to Rothwells after a short time as Assistant Under Treasurer - and later as the head of FundsCorp. He knew it all. He was part time chairman of the Superannuation Board. He is still a director of the Superannuation Board Investments Limited, Brockley Investments Limited which is an offshoot of Superannuation Board, and the Teachers Credit Society. He is also a director of Digital and Allied Technology, which is a dud company which was invested in by the Superannuation Board. The Government cannot say he is not part of Government. He is also on the Superannuation Board Investments Limited, but that is another story. He went to Rothwells like a receiver/manager. The Government said, "You are our guru. Nobody knows more than you." We have seen him here as adviser to the Minister, although he did not answer any questions. He went in there to run it all. He had full responsibility. He had Darcy Farrell write all the stories and to tell us how good he was. However, one day one has to come up with the profit and that is what he never did. He had to run Rothwells at a profit. If he had kept going for another 12 months it would have made no difference at all, there would have been different depositors in there. The only way to get out of this would have been to make a profit, but there are \$300 million in losses.

Hon Graham Edwards: Members opposite would not let them settle down but attacked them from the word go.

Hon MAX EVANS: One has to do deals to make a profit and they did nothing at all.

Hon Graham Edwards: The Opposition hounded them across the place.

Hon MAX EVANS: I would not give the Minister for Sport and Recreation a dollar of my money to look after. It is all about running a business with competence; it is not about getting money in, it is putting money out which will be repaid. Teachers Credit Society was the same thing. Anybody can lend money to anybody. The secret is, the day that contract is made, it must be a good debt. If it is not a good debt the day the money is lent, there will be trouble. These are not good debts wrought by Rothwells. We know all these second board companies; there is nothing new about them.

Several members interjected.

Hon MAX EVANS: Members will read my story in *Business Review Weekly* this week. They will see that the investments of SBIT and Rothwells and the similarity between them. In April this year we had an interesting story which was first denied and then agreed to later.

Hon Mark Nevill: Is this about the new Leader of the Liberal Party?

Several members interjected.

The DEPUTY PRESIDENT (Hon John Williams): Order! If members interrupt much more I shall take the action I threatened to take earlier, and this time I am extremely serious.

Hon MAX EVANS: This story was published on the front page of *The Sydney Morning Herald* on the day Laurie Connell retired as a director of that paper. It said Mr Connell lent \$30 000 to the head of the Western Australian State Superannuation Board, allegedly at a time when Mr Connell was involved in negotiations with the board. The newspaper said that Mr Connell declined to answer questions. It continued on to say that Mr Connell rejected any connection between the two events. Through a spokesman, the Perth businessman was reported to have confirmed that a loan was made by Mr Connell of \$30 000 to Mr Len Brush, Chairman of the State Superannuation Board. However he said at the time the loan was made that neither he nor his principal corporate officers were involved in negotiations with the board.

If we look at the shareholdings, going back a few years - I could not search the records of the State Superannuation Board Investment Trust; I had been pushing for many months before I was able to get those records of the companies the Superannuation Board had invested in - a lot of them got into trouble, and one closed its doors this week with the closing of Rothwells. These companies were held up by Rothwells, in the same way many businesses were held up by the Teachers Credit Society. When we put up a lot of money, whether it is \$2 million, \$5 million or \$10 million, there is always a tendency to lend another \$500 000 or so to keep the company going in the hope that things will get better. I give great credit to the Premier for not going along with this. He dilly dallied a bit too long in the last two weeks - I do not know what the troubles were - but he was quite aware of the fact, unlike some members here, that in another 12 months the position had to be solved because no more fresh money is coming in. These deals were losing money.

The reason this is so serious for the State of Western Australia is that it is all about money. With Government expenditure it is either Consolidated Revenue or general loan and capital works. It is all about cash. When we spend money on something we do not need or do not want, we then do not have enough for something we do need. They put \$175 million into PICL. It has been admitted that is only for blue sky. The private sector could have done it just as well. The SGIC is short of \$88 million. No interest will come out of that. It would be interesting to see if there is sufficient security for it. The R & I Bank lent a further \$12.5 million or \$15.5 million. It is beyond my comprehension how the R & I Bank agreed a couple of weeks ago to put in \$12.5 million at the same time as Alan Bond helped out, except for a patch and paste job to gain another couple of weeks. It seems very unusual. These are small amounts - \$12.5 million; \$25 million would go nowhere with the sheer size of the company.

The Government says it may have lost \$100 million, but it may be only \$50 million. It does not matter what it is, because the accumulated revenue of this Government for the last five years was only \$12 million. That is the surplus in the last five years from income and expenditure. I give the Government credit; at least it has acknowledged the fact that of \$199 million secret reserves interest earned on the short term money market, \$159 million will be spent this year on ongoing costs. That will not be available next year. Another \$30 million has gone to capital works, so \$189 million or \$199 million has gone, so we have

nothing left. We are losing these sums of money, and we have a five year surplus of only \$12 million. Now we are looking at outgoings of cash; it does not matter if it comes out of revenue or capital; we cannot spend it on what we want. It does not matter out of which Budget it comes.

We heard from Hon Joe Berinson that at one time he wanted to put \$19 million into the R & I Bank, which came from capital works. The next time \$35 million came from CRF. There is no consistency; it comes out of the left hand pocket or the right hand pocket. One can never spend a dollar twice; it can be spent only once. We have expended \$18 million on Teachers Credit Society. A sum of \$25 million was provided for this year, and we know there is a \$119 million loss. We have underprovided \$76 million this year. The Government virtually has a negative Budget of \$76 million this year because it has not provided for the \$119 million for Teachers Credit. That was acknowledged months ago. Interest has been accumulating so the losses will be greater. We have a notional loss this year of \$76 million. With a bit of luck the Government will not have to find any more money this year for the National Australia Bank guarantee; it will not have to find it until three, four or five years down the line. The guarantee was always related to whether the company went into liquidation. At the end of liquidation, whatever is outstanding will be picked up by the State Government. Funds will not come out of Consolidated Revenue this year, but they could be expended in the future.

To come back to the original resolution, the Attorney General is the head of the Corporate Affairs Department, and the Corporate Affairs Department and the NCSC in the Eastern States are short of funds. Extra staff are being put on, but I do not believe the staff being put on are the right people. We need outside experts to come in. The NCSC in Melbourne confirmed to me today that it is short of funds. It may have 20 or 30 Rothwells type investigations on its books. Some may be worse than Rothwells, and the NCSC has to decide its priorities because it wants some criminal prosecutions. An investigator will come in and treat it as a priority. That is his only job. He is not distracted by anything else, and he reports to the Corporate Affairs Commission.

In *The Australian* in the last couple of weeks was a report that Mr Brian Fryth has obviously been well informed of what is going on, and David Parker took him to task regarding his comments on First Boston. They could not get the funds together for PICL, and Mr Parker came on strongly saying Mr Fryth did not know what he was talking about; and there would be no investigations. He alluded to who owned the newspaper - Rupert Murdoch. The next day Brian Fryth made it quite clear. We were told the NCSC did not like Rothwells before the crash, and that is one of the reasons Laurie Connell had to stand down as chairman of the board very soon after the crash.

I wonder who writes these speeches. The Premier and the Attorney General did not write that speech this afternoon. We were told about the SGIC and the \$88 million - it does not really matter if there is a loss; they have made \$132.5 million. It does not matter if it makes \$10 million, \$30 million or \$40 million loss. That is a lot of money, but it does not matter. That is an incredible attitude. How can people be so stupid as to say, "We will pick that up in the profit over the next 10 years."

Hon Graham Edwards: That is not what the Attorney General said. He said it was a serious matter. It does not do you much good to misrepresent him. He did not play down the seriousness of it.

Hon MAX EVANS: The Attorney should wait until the SGIC's figures come down. I will lay a wager that when they do the profit will not be \$132.5 million because the Auditor General and the SGIC board will have to take into consideration events subsequent to the balance date. What are they? The debt to Rothwells - how good is it? They will have to make a decision in the next couple of weeks; the Auditor General will have to tell us what it is all about. We now find that all those BHP shares have not been sold. They are worth slightly more than was paid for them but they were sold at \$8 at put option, and in buying them back there will be a loss. The properties have been sold; that was only on a three year term and interest was to be earned on those. Terry McCrann, one of the top financial journalists with *The Herald* of Melbourne, said on Sunday that the SGIC should make a deal with Bond very quickly. That would cover the difference between the market price of Bell shares and the \$2.50 paid for them. Bond paid \$2.70 for them. Members might recall that

Bond did not want to buy them, so there will be a loss there of about 85c, if the SGIC can sell them. The Auditor General will have to look at whether there is a permanent diminution in value - one buys them at \$2.50 and sells at \$1.65, there is a limited market and they go down. The best assets are being sold off - one never sells off the worst assets. There will be a major loss of between \$30 million and \$50 million. Again that is very serious. The Government ended up with \$132.5 million but we should not forget that it was only because it was using a new accounting principle of net present value to reduce provision for claims by \$48.5 million.

Members should not forget that we have also spent a lot of this money. Hon Kay Hallahan received \$12.5 million for the Family Foundation. That is all coming out of that money; it is all part of the profit to the Government of \$50 million or \$60 million. We have been told not to worry about it and that the losses will be picked up from projects in future years. This Government is counting on something like \$130 million from business undertakings earned last year, which will be expended this year.

The reason we must have an investigation of this matter is not because of the guarantee from last year. That was a fact of life and it is done with now; as a professional person one takes that. However, Tony Lloyd came in there as the managing director and the receiver manager for the Government. I admire him for taking on the job because I do not believe he was qualified for it. I do not believe I would have been qualified to do that job. It is a mighty job and needs an expert in banking finance and redoing deals. Tony Lloyd had to take over a business which had something like several hundred million dollars worth of book debts or investments. I expect Rothwells had a better computer than the Teachers Credit Society, but it would have had to go through those debts and investments to decide what it was going to do. Rothwells would have found a lot of headaches. The auditors were brought in on 31 January. This was requested by the National Companies and Securities Commission. They believed some funny things happened. Around that time it is alleged that the State Superannuation Board put nearly \$50 million into Rothwells - that came out some months later in a question in the other place. Sixty two million dollars went from the SGIC, according to a report in the paper the other day, and \$110 million went in within a few days of the auditor's accounts. Was that to improve the balance sheet? Was it to take out some bad debts? I would like to know because one should not forget that is exactly what happened on 31 July. By that date the company realised it had \$350 million worth of bad and doubtful debts - one half of the total investments of Rothwells were bad and doubtful. On 31 January there was only \$69 million of bad and doubtful debts in the accounts. The economy did not get that much worse between January and the end of June. When they looked at that \$350 million they knew it would wipe out all the capital. The board did a deal with Laurie Connell, who said, "I'll take them over." A general meeting of Rothwells was called for 29 July, the last Friday in July, because Rothwells' balance was on 31 July. Two days before that meeting the National Companies and Securities Commission said, "Before you have that shareholders' meeting and before you agree to transfer that \$350 million worth of bad and doubtful debts to your former chairman and managing director, Mr Laurie Connell, we want to know what you will put in its place." They said, "We will do a deal; get some money coming in"; as members may recall that is history. Cabinet had a meeting the next morning and it announced the PICL deal.

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

Hon MAX EVANS: To sum up, the Government must have been involved here because Tony Lloyd must have kept it informed. He should have done so every month. He was in there as a Government appointee and if the Government did not know what was going on, it should have known. For the Treasurer to say only at the end of the financial year that he was going to be fully informed is wrong. Tony Lloyd should have been advising the Treasurer because the Government should have known in January that things were getting bad. The Government should have known then that there were bad debts of \$69 million and it certainly should have known that later those debts became worth \$350 million. The PICL deal came on line then because the auditors wanted the balance sheet cleaned up by 31 July; they may have done a similar deal in January. It is very serious. This matter needs to be looked at by an investigator, not by a liquidator. It is not a liquidator's job to look at all these transactions and deals. The liquidator will have a staff of 10 just to run the liquidation itself and not to investigate it. We have to look at what Tony Lloyd has been doing by not

advising the Government. He let it go on; the Government could have worked a rescue out months ago and not had a rush at the end when the anniversary of the guarantee came up. We then found out that the guarantee was for two years and not for one. It did not have to be rushed through; it should have been started in February or March. However, in April there were announcements in the Press, telling us what a wonderful job they were doing. According to the Press reports Rothwells was a great company, confident of a buoyant future following recent increases to its capital base and reserves of \$260 million. The report said that the company intended to pursue new and innovative avenues to generate profits, and that Laurie Connell was a part of the successful financial restructuring.

Hon D.J. Wordsworth: Does that say anything about assets or the Government guarantee?

Hon MAX EVANS: No, it does not. There we are, the Government hung its hat on Tony Lloyd and his credentials - which I do not doubt. Tony Lloyd is a servant of the Government and was there to look after its interests. That should have been his job; he should have informed the public what it was all about. I believe the public have been misled by this and other companies. Many people have seen these wealthy tycoons, with big cars and boats, who seem to be doing the right thing; they follow their lead and borrow a lot of money. That has put a lot of people in trouble. They had to come down eventually. I love this quote from an article by John Williams in the *News Weekly* of 25 November; the article is headed, "Get big - and they'll have to bail you out". The article reads as follows -

Big Government, Big Unions, Big Business, Big Mistakes, Big Bail-Out. How's that for a definition of Labor's Corporate State.

The old definition merely signified "consensus" between Big Government, Big Unionism and Big Business on national economic policy.

The new definition contains an added dimension.

The "new model" Labor Party obviously believes that when Big Business makes Big Mistakes - likes those which led to the disasters of Black Monday - it should be bailed out by Big Government.

Under the new definition, corporate capitalism is guaranteed success; it simply cannot fail.

That is, because it is big Government. We must have an investigation. This company went on for far too long without something being done to wrap it up and protect those people who had their money in it. It could have been saved long before its sudden death.

Finally, this bears repeating because it sums up the times we have been through, and I would like it to be recorded in *Hansard* because people come back years later, like I did last year with the State Trading Concerns Act 1916. There were a lot of Government enterprises which were not doing well in 1916 and the State Trading Concerns Act was needed to control Governments going into business. I found it interesting to read the debates, and in years to come somebody will come along and want to know what happened about Rothwells. This article appeared last year under the heading "Laurie Connell King of the bare-knuckle businessmen". It states -

They are the new generation of bare-knuckled businessmen, men who fought their way into the *Business Review Weekly* millionaires' directory . . . Laurie Connell is sweating. Huge half-moons of perspiration are marching from his armpits across his beautifully-tailored silk shirt, threatening to meet in the middle of his soggy paunch. He fiddles with his lacquered S.T. Dupont pen. He checks the time on his \$25 000 bevelled-gold Vacheron Constantin watch. He inspects the shine on his alligator-skin shoes. He seeks reassurance from his tycoon's trinkets. He doesn't have to hunt golf balls for cents any more. He really is rich.

Hon Tom Stephens: Does he drive a Roller like you?

Hon MAX EVANS: I drive a 1968 Bentley.

Hon Graham Edwards: This is Phil Lockyer's mate.

Hon MAX EVANS: The article continues -

In fact, Connell is sitting on the biggest deal of his life. Not another piddling million

dollars for a racehorse. Not \$20 million for a new house. Not even \$50 million for a high-tech company takeover. No, this is big bikkies, as they say on Perth's Wall Street, the once-graceful St George's Terrace that rules a line through this glass and concrete boom town on the banks of the Swan.

In a month or so, he reveals, he will be consolidating the stakes in a dozen public companies he has collected in a decade of deal-making. A grab-bag of gold mines in the Philippines, computer engineering in the United States, merchant banking in New Zealand. He will be going public with a float he expects to put a price of \$800 million on the new company and push it into the Australasian Stock Exchange Top Twenty, with a red bullet.

That is not the name of his horse, is it?

Hon P.G. PENDAL: I think that is what they gave him last week.

Hon MAX EVANS: The article continues -

They won't be saying "Laurie Who?" then, those smug eastern States MBAs (Masters of Business Administration) with their Oxbridge accents and reverse-collar business shirts.

And what does Connell get out of all this? Shares to the value of \$300 million. But that's just off the top of his head. He rings back later to amend this to \$275 million. He wouldn't want us to think he was boasting. Plus, of course, he gets to keep the properties in Australia and New Zealand and England. And the 400 racehorses, and the two race tracks, and the restaurant and the houses.

I do not think he will save any of those. He will be sued for his personal guarantees like his other company loan. That is the story of Rothwells. We must have an investigator appointed by the Attorney General to look into this. It cannot be done by a liquidator; I know that from my own experience. The NCSC is doing its job but it is not an investigator.

HON P.G. PENDAL (South Central Metropolitan) [8.44 pm]: The Attorney General's speech a few hours ago placed a lot of reliance on his belief that it is sufficient to conduct a preliminary inquiry into the Rothwells crash by way of the appointment of a provisional liquidator. Throughout the course of the Attorney General's reply to the Leader of the Opposition he placed great store by that method of inquiry and repeated that neither the Leader of the Opposition nor anyone else who had followed him had given good reason why there should be some other form of inquiry, such as a section 291 inquiry, which is the basis of the motion moved by the Leader of the Opposition. Mr President, it is a pity that the Attorney General did not wait to hear the argument advanced by the member who has just resumed his seat. I believe that Hon Max Evans has given every good reason to explain to the Attorney General why a section 291 inquiry under the Companies Code is not only appropriate, but ought to be pursued alongside the inquiry instituted by the Supreme Court in Queensland.

The Attorney General, in more ways than one, is facing perhaps the biggest crisis of his political career. In his role as Attorney General, a portfolio where he has been quick to defend his honour when he thought it has been impugned by members of the Opposition over the years -

Hon B.L. Jones: Quite right too.

Hon P.G. PENDAL: - and in his role as Minister for Budget Management, where he has prided himself on his ability to be some sort of economic management guru, he has firmly nailed his flag to the mast of not only the previous Government but the present Dowding Government. If anything looks like coming unstuck, as indeed it does, Hon Joe Berinson knows that his reputation is at stake.

Hon B.L. Jones: Not at all.

Hon P.G. PENDAL: One of the most telling aspects in this debate, which has been going on for something like four or five hours, is that in the course of six speakers we have seen but one from the Government side. If ever there was any evidence of Government members being told to remain quiet and not take part - where they have been gagged and asked to do all they can to get a subject off the Notice Paper as quickly as they can - we have seen that

here today. Why else, Mr President, would we have seen the most serious economic, political and financial scandal that this Government has faced in five years being left to the running of one man? Where are all those people on the Government benches, who have been so passionate with their interjections on Opposition members, and who have been reluctant to or perhaps prevented from getting up to speak?

In the course of the Attorney General's address to us earlier today he made a number of comments in repeating the remarks given to him by the Premier and read into the records of another House today. Those remarks warrant some attention. The Attorney General on one occasion said that the Government was determined to address the problem now facing the people of Western Australia. I put it to you, Mr President, that there is not a skerrick of evidence to suggest that the Government has done anything other than try to paper over the difficulties that have been caused by the Rothwells collapse. There has been nothing put forward by the Government, including its commission of accountability - which is another way of saying we need a commission outside of Parliament to keep us honest - which is a serious effort on the part of the Government to address the problems that the Attorney General claimed he was addressing when he spoke to the House earlier today.

Another scurrilous piece of nonsense - another scurrilous piece of truth bending - out of the lips of the Attorney General was that the Opposition in this State, in both Houses, is overjoyed at what has happened with the Rothwells collapse and the loss of people's money. That is an outright untruth, and the Attorney General knows it. One of the best defences that the Opposition has in answering that scurrilous piece of nonsense by the Attorney General is what happened on the Saturday night in 1987 in the hours following the crisis; that is, the Leader of the Opposition in another place, Barry MacKinnon, made it absolutely clear that the Opposition actually supported a rescue of the troubled Rothwells organisation. What it did not support was the Government being involved in that rescue bid.

I invite anyone who has any doubt about that to read the public record by way of issued Press statements because it was made clear that on the following Tuesday the Opposition endorsed the Leader of the Opposition's views that there should be a rescue bid mounted in order to save Rothwells, but that rescue bid should be confined to members of the private sector. I think that Mr MacKinnon went so far as to say that he would do all in his power to see what we, as a party, could do to see that the Bonds, the Holmes a Courts and other people involved did come up with a scheme that would rescue Rothwells. Where we drew the line then and where the Opposition has drawn the line ever since, is that the Government should never have become involved.

It is worth noting that at least one other Australian Government was given the opportunity to mount that rescue bid in 1987; that is, the Queensland Government. That Government was offered the opportunity of coming into the corporate rescue by way of its State organisation, SunCorp. Is it not interesting that in that State, even though it was supposed to be the home State of Rothwells - I will not call it the Rothwells Bank because it is one of the great misnomers in this tragedy and I will come to it later - the Queensland Government, when offered the opportunity this Government was offered, declined to accept being part of any Queensland taxpayer bail out of the Rothwells organisation? It refused to be a party to it in the same way as the parliamentary Opposition in this State refused to be a party to that rescue bid, notwithstanding the desperate pleas that were telephoned through by the then Premier, Mr Burke, to the Leader of the Opposition. Mr Burke was no fool. He felt that if and when the day came that his ship would go down over this he wanted to be able to take the State Opposition down with him.

I was involved on that Sunday morning and I advise members that it was a very upset Mr Burke who thought that he could put pressure on Barry MacKinnon because Barry MacKinnon, was, in turn, having pressure put on him by people who were thought to have been, and may well have been, good supporters of the Liberal Party. That was the strength of the courage of the leader of the Liberal Party in this State because a different decision could have been to his party's political advantage; members should bear that in mind because it was to the party's political advantage to have gone along and not alienated some of those people who may well have been donors to the Liberal Party. However, Barry MacKinnon said that was irrelevant and that the Liberal Party did not make decisions based on whether they may become dangerous to the Liberal Party in six or 12 months' time.

It is that cosy relationship which Barry MacKinnon rejected at that time which will give him the strength of character that will make him a great Premier of this State. It is the very cosiness, to remind the Minister who is having a giggle about it, which has been the undoing and the alienation of Brian Burke and which will ultimately be the undoing of Peter Dowding. Why is that the case? It is because they were prepared to get into bed with people and perhaps trade some sort of future in favour for the sort of actions that they were undertaking on that fateful Sunday morning. Let us not make any mistake about some of the inane interjections tonight from members on the other side of the House saying there was a great deal of joy in the Opposition ranks when they saw that Rothwells was tumbling. I do not believe that any person in the parliamentary Opposition would take pleasure in anyone losing money, regardless of whether it is Laurie Connell. I make the point that Opposition members were at all times governed by the belief that they are the custodians of the public purse, just like the Government should have been, but unlike the Government because the Government failed the people on that occasion.

I make it clear that the Liberal Party never, at any stage, objected to a rescue of the Rothwells organisation. In fact, it encouraged such a rescue of that organisation so long as it was to be carried out by the private sector. Hon Joe Berinson told the House tonight that the Opposition, unlike the Government, had the luxury of being able to walk away from the deal. I do not know about luxury, but like other members in this House I can say that it was not luxury that was involved when Barry MacKinnon had to make that decision. It required an awful lot of courage and I suppose he might have been swayed to go to the other side of the argument. I suppose there was a temptation for him to go down that path because it was the line of least resistance. Let us not have the claptrap on the part of the Attorney General that the Liberal Party took the easiest way out. The way out for the Liberal Party was the most difficult of all on that day because there were not very many people around at that time who were prepared to give it bouquets for making that decision. It is only six to 12 months later that many people, including businessmen, are saying how courageous the Liberal Party was and how right it was in being persistent throughout the last 12 months.

I turn now to another piece of nonsense which the Attorney General spoke about tonight. It was echoed by many members who repeatedly, in the course of their interjections, put to members of the Opposition during this debate that had action not been taken on that Sunday inevitably a greater number of bankruptcies and other collapses of financial institutions would have happened in this State. If that is true and if members opposite, like Hon Garry Kelly, are so vocal tonight and are so concerned about the small depositors in Rothwells - that has been the entire litany of their interjections - I ask them why did not they extend the same facility to the investors and shareholders in Payton Finance in the south west? That is in my home region and I know that many little people were involved in the collapse of that organisation. I learned as late as this afternoon that a relatively small investor had \$75 000 invested in Paytons, \$35 000 of which he looks like recovering at this stage. He is not a big investor. He is typical of the small investor members opposite have been talking about. I have not heard any member from the Labor Party say, "Well, we have rescued Laurie Connell and Teachers Credit Society, what about the people who had money invested in Payton Finance in the south west?" I advise members that Payton Finance was a far more stable company, and no one needs a Bachelor of Business degree to work that out; Paytons had been in the south west and, indeed, in Western Australia for a couple of generations. It was a stable, long term and reputable company which had a conservative investment policy and it was well managed.

Hon B.L. Jones: Would you have rescued it?

Hon P.G. PENDAL: When that organisation went under there was not one voice from the Government benches saying that the Government should look after those little people like it has looked after these little people.

Hon Tom Stephens: Did you advocate that the Government should rescue that organisation?

Hon P.G. PENDAL: No, I did not. I want to know why the Government did not apply the same rules to that organisation. I was not in a position to decide but I have told Government members what I would have done.

Hon Tom Stephens: Gloat.

Hon P.G. PENDAL: Hon Beryl Jones comes from that part of the country and many of her constituents, particularly rural people and farmers, lost money in Payton Finance, and I want to know why no Government members saw fit to go to Mr Burke and to Mr Dowding and to say that as the Government had helped Rothwells and Teachers Credit Society, it should help the people in the south west. Government members are gutless; they have one rule for the big people and no rule whatsoever for the little people. When they sit in this Chamber and grizzle, moan, whinge, and turn on the hook as though they are worried about the small investors, it is one of the biggest hypocrisies of this whole matter.

Hon Tom Helm: You are not bothered at all.

Hon P.G. PENDAL: The Attorney General also said in the course of his remarks that the Government was in a position where it was damned if it did and damned if it did not. It was damned when it offered the guarantee to Rothwells and now this year it is damned because it has withdrawn that guarantee. He is putting out his hands to us asking what more the Government could have done because it was in such a terrible position. The Attorney General forgets the real criticism which comes in two parts. He and every member of the Cabinet are part of that criticism, as well as Mr Burke. It is nonsense to try to extract Mr Dowding from this affair in an attempt to gain some public sympathy for him. The public is awake to this and they are aware that he was in up to his eyeballs; they will give him no sympathy whatsoever. The Opposition has two grounds for its criticisms; firstly, that the Government was involved in the first place. I have demonstrated that its capacity to rescue people was very selective - if people were in the right queue, were the right colour, and were rich enough, they would be rescued; but the others would be thrown to the wolves. The Government has no right to put taxpayers' funds at risk.

Hon Tom Helm: Do you think they should have been put in Paytons?

Hon P.G. PENDAL: The Government should have been consistent; I do not think it should have put money into Rothwells, Paytons or anywhere else. There were other ways of coping with this situation.

Hon Tom Helm: It does not matter about the little people?

Hon P.G. PENDAL: Government members are not worried about the small person; that became apparent when it was decided that the small people involved in Payton Finance were irrelevant.

The second element is that when some real investigation is made of this matter it could be found that under the provisions of the Companies (Western Australia) Code the Premier is criminally culpable.

Hon B.L. Jones: Wouldn't you like that?

Hon P.G. PENDAL: It would be deserved.

Hon B.L. Jones: You are gloating, and you sound hysterical.

Hon P.G. PENDAL: I think the Premier may well be criminally culpable under some of the provisions of the latter sections of the Western Australian Companies Code. Hon Max Evans referred to part of that code. Perhaps some of the chickens will come home to roost at last. From section 556 onwards it states that any person who was a director of the company - I am not suggesting that Mr Dowding was a director - or who took part in the management of the company at the time when the debt was incurred is guilty of an offence. I suggest that the law could one day judge that Mr Dowding took part in the management of the company because it was his decision to extend the \$150 million guarantee and it was his decision, along with that of Mr Burke, to appoint Tony Lloyd as managing director. As Hon Max Evans pointed out, Tony Lloyd still sits on some of those Government agencies and one is entitled to wonder how far he has severed his connection with the Government. Such an offence would not only hit the Premier's cheque book, but also it is an indictable offence for which a person can go to gaol. One of the great humbugs in this affair occurred when last Friday or the Friday before Mr Dowding told the public of Western Australia that he had given all the indications to people that Rothwells was going down the tube, and if people had not picked up the vibes, they were dopes. I suggest that some criminality may be involved. Would there not be some obligation on the part of a person who is involved in the management of a company, taking his money out or his guarantee away, to specifically and

openly say to the people of Western Australia that the company would go under? In fact the comments made by Mr Dowding bordered on the verge of untruthfulness. At no stage did Mr Dowding suggest that that was the crucial time at which people should take out their money.

Mr Parker appeared on television and suggested when justifying the original Rothwells' bail out that Government members were good boys because they had been able to retire the guarantee one year early. He considered that to be meritorious. That is funny, and it is a good indication that he believed he was leaving behind a company in good financial health. A couple of days later when the dogs began to bark Mr Dowding wanted to retire the guarantee, and after he retired it the little people, about whom Hon Tom Helm is so concerned, were caught and left in the lurch. No satisfactory answer has been given as to why those little people were left holding the baby while the Government had withdrawn its guarantee and the Builders Labourers Federation was able to remove approximately \$1 million. I have been told that the day prior to the BLF's removing its funds, a small investor was not able to get his money. That story has been confirmed.

One of the other reasons for this section 291 inquiry is to find out whether Ministers of the Crown in this State ran around local authorities throughout Western Australia in the last six months and convinced them to put their money back into Rothwells. That could throw some light on a very murky area. These authorities were acting on behalf of ratepayers and it has been suggested that Ministers of the Crown were telling local authorities that no risk was involved in putting their money into Rothwells because the State of Western Australia was standing behind Rothwells to the extent of \$150 million, for not just one year - as has been the case - but for two years. That is another reason why the Leader of the Opposition should be supported in his move for a section 291 investigation - to ascertain whether the Premier and/or the Deputy Premier, or any other Cabinet Minister involved in the management of that company, is in any way culpable as a result of withdrawing the Government's guarantee and leaving smaller people to pick up the tab.

In the course of the debate the Attorney General, again clutching at straws, tried to indicate that only the Opposition was concerned about this matter, that it was only because of the Opposition that Rothwells went under and people lost faith in Rothwells. I am pleased to say that it was not just the Opposition; a large number of very courageous journalists across Australia - and some not so courageous - and members of Parliament, including Barry MacKinnon, who could have taken the line of least resistance, were part of that whole process of trying to unravel the truth. Anyone who thinks that we are now close to the truth is living in fairyland. We have a long way to go before this dirty mess is unfolded and we understand the extent to which the taxpayers have been indebted. The Government has endeavoured to say that only the Opposition is concerned about this matter. The Government knows that even its own members are concerned.

Hon Robert Hetherington interjected.

Hon P.G. PENDAL: Mr Hetherington could not deny that senior members of the Labor Party, including senior members of the Parliamentary Labor Party, are concerned, notwithstanding the commendable display of loyalty which he demonstrated the other day in moving his motion, which was supported by Mr Dans.

Hon Robert Hetherington: It was an honest motion.

Hon P.G. PENDAL: I am sure it was. I would not have expected anything other than honesty from the member or from Mr Dans. However, that does not mean to say it was not a stupid motion, or that members opposite are not concerned. I want to put an end to the lie put forward in this House tonight that we in the Opposition are the only people concerned. Members opposite would be aware that a member of their party, Dr David Dale - who was an endorsed Labor candidate for the Federal seat of Tangney - was concerned about all the dodgy dealings related to the petrochemical project. He said at page 13 of *The West Australian* of 24 October that there was concern within the Labor Party about the Government's close deals with business. This man is a spokesman for the cross factional group Green Labor, and said -

"There is wide concern within the community and also the Labor Party about the extent of the State Government's financial involvement in the petrochemical

development and its close links with the Bond Corporation, which owns the majority interest in the venture."

In case members opposite think that is the only evidence I have that people on their side of the House are concerned, I refer to a recent edition of the *Daily News* and to a story on page 2, written by John Bartley, under the heading "Premier blasted over tactics" -

The State Government has been accused of deliberately stage-managing Parliament to avoid clashes with the Opposition over volatile issues.

It is not a Liberal or conservative party person making this claim; it is a member of the Labor Party. John Bartley goes on to say -

Angry ALP sources have accused Premier Peter Dowding of limiting Parliament sessions to avoid debates and postponing introducing Government legislation.

Hon Robert Hetherington: What is said in the newspapers is not always right.

Hon P.G. PENDAL: I am not suggesting it is always right, but I know that John Bartley is a reputable journalist, from a reputable newspaper, and he does not write falsehoods. The only explanation for what Mr Hetherington has said is that he must have been writing falsehoods. That is not true.

I have here a document which was given to the branch secretaries and members of the West Australian Locomotive Engine Drivers, Firemens and Cleaners Union. This goes right home to the backyard of members opposite. This union wrote to its branch secretaries because it was concerned about what members opposite were up to. This union does not trust members opposite. So the nonsense that Mr Berinson - who has since rejoined us - was going on with is blasted out of the water by one of his party's affiliated unions. This union has a lot to say about how the Labor Party has lost touch with and does not care about the little people. The union talks about the way in which its members are being penalised because of the Labor Government's action in bailing out big business. The general secretary of the union, Mr M.D. McPolin, says on page two of the report, after he has gone through a laborious explanation of how the Labor Government has screwed his members into the ground -

Perhaps the \$3 M plus savings, if any, that was quoted will be used by our Labor Government to bail out merchant banks, failed credit unions or assist building entrepreneurs.

That is hardly right wing, conservative claptrap. It comes from one of the members of the Labor Party, who is fed up to the back teeth with the way the Government has been bailing out merchant banks and failed credit unions and assisting building entrepreneurs.

On Sunday night we saw the crocodile tears falling. Mr Dowding spent Labor Party funds on a very smooth, well produced, two minute commercial. As a matter of fact, when I saw it I did not see Mr Dowding; I did not see Mr Berinson; I saw the hand of Darcy Farrell. I have to hand it to Darcy Farrell. He could sell fridges to the Eskimos. He is a superb marketing man. The Labor Party got hold of Darcy Farrell, who put the puppet Premier in front of the television, and said, "Peter, when I point to you, just say the words on the idiot sheet, and we will do our best to rescue the Government from this mess." That was the commencement of this miserable attempt on the part of Mr Dowding, Darcy Farrell, and members opposite to tell the people of Western Australia what they did not want to know. They have already made up their minds. The worst part about it was that the Premier came along, and mea culpa -

Hon E.J. Charlton: Mea maxima culpa!

Hon P.G. PENDAL: It is nice to hear another Latin scholar. Butter would not melt in the Premier's mouth. He has learned nothing, and has forgotten everything, because there was not a hint of remorse in what the Premier said on television.

Hon J.M. Berinson: What does "mea culpa" mean?

Hon P.G. PENDAL: I will come to that in a minute. I am leading up to it.

Hon J.M. Berinson: First of all, you confuse me with your foreign languages; you then confuse me with your logic.

Hon P.G. PENDAL: Next time I will say it in Yiddish, or whatever it is that Jewish people

say when they try to say "Mea culpa." I tell Mr Berinson this, since he has brought a theological twist to the debate: He has had his say, and he mucked it up. The Premier tried to give the impression of a mea culpa act. He tried to give the impression that his Government made a mistake. However, the proof of the pudding is in the eating: It is not what he says but what he does. This Government promised on Sunday night that by Monday a scheme would be unfolded which would enable it to turn over a new leaf and set itself on a course which was different from that taken by Mr Burke. The Government has come up with a limp wristed approach. The Commission of Accountability is a lot of nonsense. I believe that members opposite will demean the people who have been appointed to this commission, such as Sir Francis Burt and Bill Brown. I would like to know how the Auditor General has found his way onto the commission. The Auditor General is not a lackey of the Government; he is employed by this Parliament. The Auditor General is an officer of this Parliament and I would have thought that if the Government had any manners at all and any sense of propriety - which it does not - it would have come to this Parliament and got the permission of the Parliament to have the Auditor General go on the commission, because he is not some Public Service lackey Government members can boss around.

Hon J.M. Berinson: How do you spell nitpicking?

Hon P.G. PENDAL: If that is not enough, what I am really leading to is another reason we need that section 291 investigation: There has not been a change of course on the part of the Government. It has not altered a thing. It will continue to go down the same old course.

Hon J.M. Berinson: That is not true.

Hon P.G. PENDAL: What will change are these perceptions Mr Dowding talks about. They have got the big guns out now - the big PR boys. They have Darcy getting a nice little fee - and good on him, too - for trying to get these people; but the fact remains that the Government is as much tied to this piece of stuff that Darcy himself may have produced anyway. I want to read some of it because it should be very illuminating for members opposite. It is called "Building on the Burke Years" and it is real proof that what happened on Sunday night is an illusion. What happened on Sunday night will not change the course being taken by this Government; what will change is the public relations perceptions. This is a course the Government set upon not five years ago, not four or even three years ago. Everyone is entitled to change in that time. This is a course it set for itself a mere seven and a half months ago. In February this year, under the then Premier's signature, Brian Burke had this to say when he talked about what he had done. There is no group in the world that is as good as this group at self-praise - none. They take all the records in the book. This is what Mr Burke had to say -

Western Australians have every right to be proud of the progress our State has made in the past 5 years.

Together we have laid firm foundations for an exciting future.

In laying these foundations special attention has been paid to:

Listen to this, Mr Hetherington. It continues -

Restoring and maintaining the financial health of the public sector.

What a joke! "Restoring and maintaining the financial health of the public sector", when the Government has made us into a laughing stock throughout Australia. But the then Premier was on his way out. The incoming Premier had to have his two bob's worth. The Government wants to build on the Burke years. It is not content with having ruined the place, it now wants to build on the ruins, and this is what Mr Dowding had to say on 26 February. When one reads it now it really is enough to bring tears to one's eyes. Listen to this, Mr President -

Brian Burke's five years as Premier will have an enduring impact on Western Australia.

He is dead right, they will have an enduring impact. Mr Dowding went on to say -

The challenge to build on the Burke years is an enormous one to all of us. My commitment is to continue to develop and improve the policies initiated under Brian Burke's leadership . . .

Well, thanks very much for nothing, Mr Dowding. But there it is - a promise made in February this year, six or seven months ago, that we will get more of the same. But we have not heard anything yet. These are Mr Dowding's own words -

The openness and innovation of the past five years will continue to be hallmarks of the State Government while I'm Premier.

If any member opposite is proud of that - of the hallmarks left behind -

Hon Tom Helm: Absolutely.

Hon P.G. PENDAL: - we on this side are not. I refer to page 6 of this booklet for a final quote, and again this will see the chickens come home to roost. It says -

There have been new and innovative measures to expand and diversify the State's revenue base.

These initiatives include:

The Western Australian Development Corporation, which has established a program for maximizing returns on State assets.

Hon Tom Helm: And it did.

Hon P.G. PENDAL: My word it did! We have \$150 million that can still be called upon.

Hon J.M. Berinson: What has it to do with WADC? Nothing at all.

Hon P.G. PENDAL: We will come to that in a minute. It is all to do with the Government's silly little WA Inc, which is running at least at \$400 million. If the Government gets called on as Nobby Clark says it may, it will do \$150 million.

Hon Tom Helm: Can you prove that?

Hon J.M. Berinson: That is not true either.

Hon P.G. PENDAL: Well, Nobby has a different idea of it from the Attorney General.

Hon J.M. Berinson: He did not say if it were called on it would be lost.

Hon P.G. PENDAL: I saw the interview and I invite the Attorney General to do so next door. That is \$150 million. There is \$175 million the Government has put into the blue sky down at Cockburn, where the local people do not want it anyway. There is \$119 million for the Teachers Credit Society.

Hon N.F. Moore: Minimum.

Hon P.G. PENDAL: Yes, minimum. Mr Berinson keeps telling us these things will never be drawn on but he told us that last year when he said Teachers Credit Society would cost only \$43 million. We now know it will cost at least \$119 million. Who would believe him on anything? I put that to him seriously. His reputation has been blown out of the water as much as anybody else's. Then chuck in the minor ones - \$12 million or \$13 million for Swan Building Society and a few things like that.

Hon Tom Helm: And other small investors.

Hon P.G. PENDAL: It has gone up to \$456 million now. I must admit - and I will use the Premier's words - that is the worst case scenario, but 12 months ago we were not going to have a worst case scenario on Rothwells - it was not going to cost us a dollar. Now the Premier says it will be between nothing and \$100 million.

Finally, earlier tonight the Attorney General made a plea to us to believe that all his actions and those of the two Premiers - were really the result of good management. How one can ever work that out, I do not know, but let us accept for a moment their argument that the State is in good shape.

Hon J.M. Berinson: Do you not accept that?

Hon P.G. PENDAL: No, I do not, because I have gone through this claptrap the Attorney went on about. He read all these economic statistics that no doubt will be on the front page of *Labor Voice* in the next couple of days that not even the people in the Labor Party believe because they know charges and prices have gone up.

Hon N.F. Moore: And the standard of living has gone down.

Hon P.G. PENDAL: Yes, the standard of living has gone down. But in order that the record shows there is at least some counterbalance to the nonsense put into the record by Mr Dowding, let me give the House a couple of statistics that come from his own Government, so let us not fight at the start about their source or their validity. In the four years between 1984 and 1988 - in other words, for virtually the whole period of this Government's five years in office - let us see what its record has been. It has been said that average weekly earnings in that time have increased by 24 per cent. On the face of it that is not bad. The ordinary Joe Blows in this country are making a bit of progress.

Hon Tom Helm: In the last year of the Liberal Government it went up by nothing.

Hon P.G. PENDAL: I tell the member that his Government's record is even worse. A 24 per cent increase in average weekly earnings is a different story from what Mr Berinson has been trying to tell us, though members opposite sadly are believing it. In the four year period the Consumer Price Index has risen by 36 per cent. If those people look at what the Government tells them about average weekly earnings they will think, "I suppose Burkie and Dowding have not been too bad." What they have not been told, of course, and certainly are not told in Mr Berinson's little statistics -

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

Hon P.G. PENDAL: On that basis alone it is a nonsense for the Government to be coming in here and defending this appalling, abysmal record of financial mismanagement by saying how well off ordinary Western Australians are, because they are not. If anyone wants to query the figures I have given, they come from the Australian Bureau of Statistics and not from me or the Liberal Party. They are produced by independent people in the Government. But it does not stop there. The Attorney General had a lot to say about what a good record he had in Budget management. That does come home now to something that is very close to his heart. Let us talk for a minute about the actual, total Western Australian State taxation in the time that members opposite have been in charge of that part of the Government.

Hon J.M. Berinson: Why not talk about rates?

Hon P.G. PENDAL: They are not my figures; they are the Government's figures supplied by the Western Australian Treasury setting out the cash transactions of Consolidated Revenue and reported by the ABS.

Several members interjected.

The PRESIDENT: Order! I do not want to hear any interjections because I am trying to listen to find out whether the comments being made relate to the motion. I ask the member to make sure he convinces me that his comments are relative to this matter.

Hon P.G. PENDAL: Thank you, Mr President. I remind the Government members that in the course of the Attorney General's response about two hours ago, he spent several minutes reading a detailed list on how the Government's record in financial management is far from being poor, as we claim, and is, in fact, excellent. He gave figures on inflation and average weekly earnings, the CPI and other things.

Hon J.M. Berinson: Do you deny any of them?

Hon P.G. PENDAL: I have been told not to interject on people interjecting.

Hon J.M. Berinson: The question was a polite one - whether you deny the statistics.

Hon P.G. PENDAL: There are lies, damn lies and statistics.

Hon J.M. Berinson: And you are about to move into the less desirable area.

Hon P.G. PENDAL: These are the Government's statistics; they are not mine, so they are false.

Hon J.M. Berinson: Don't be ridiculous.

Hon P.G. PENDAL: The Attorney General may get on to Ross Bowe at the Treasury and say that the figures quoted by the Treasury are false and, "We will have to give you the chop." Let us return to the Government's great record of financial management. State Government taxation, in the first full year 1984-85, went up 14 per cent. The following year, with an election in the wind, the increase was four per cent; in 1986-87, not an election year, up 11.26 per cent.

Hon J.M. Berinson: What were the figures?

Hon P.G. PENDAL: If the Attorney General had not been so excited he would have been listening. The increase in 1987-88 was not a miserable 11 per cent as in the previous year, but was 24.9 per cent. As Mr Berinson is interested, I repeat that these are actual State taxation figures produced by the Treasury to show that the Government's record in management in the past five years is nowhere near the fairy picture painted by Mr Berinson a couple of hours ago.

Hon J.M. Berinson: The problem is that you do not understand the implications of the figures you are reading.

Hon P.G. PENDAL: Let us look at stamp duty income. The Attorney General mentioned these figures.

Hon J.M. Berinson: I am not denying any of them.

Hon P.G. PENDAL: I deny them.

The PRESIDENT: Order! I ask the Attorney General to stop interjecting. Whether he referred to the figures or not, he certainly did not refer to them while I was in the Chair. If he had done so I would have told him that they were nothing to do with the motion. I hope that Mr Pendal will quickly move away from that point. Two wrongs do not make a right. I will let the member finish what he is saying but anything to do with the Stamp Act has absolutely nothing to do with the motion moved by the Leader of the Opposition.

Hon P.G. PENDAL: Thank you, Mr President. I was covering that ground because the Attorney General covered it in detail. In deference to you, Mr President, I will not pursue the point.

The Government has no remorse over this matter. It shows no propensity to get out and do something to change the situation, and most of all no inclination to have a serious investigation. The Companies Code provides for an investigation under section 291, not section 292 referred to by the Attorney General.

Hon J.M. Berinson: Section 292 is in your motion.

Hon P.G. PENDAL: It is subsidiary to the point made in section 291.

Hon J.M. Berinson: That is right.

Hon P.G. PENDAL: The Attorney General was referring to section 292.

Hon J.M. Berinson: That was the subject of your motion.

Hon P.G. PENDAL: The Government is not hurt by what has gone on in the last 12 months. The Government is hurt that it has been found out.

Hon Garry Kelly: Doing what?

Hon P.G. PENDAL: Doing deals - where the Government failed on many occasions to give answers not only in this House but also the other place. I have said 100 times tonight that the Opposition was in favour of the rescue on the part of the businessmen assembled on that night; we were not in favour of any Government funds being committed.

I refer to another important area of the Attorney General's speech tonight because I put to the House that this was untruthful. It was echoed by the Premier in another place tonight. At page 5 of the statement we were told by two senior Ministers that the guarantee facilitated to Rothwells was offered for three reasons. First, to maintain the confidence of financial institutions; secondly, to save a large number of small to medium Western Australian businesses that rely on Rothwells for finance. So far that at least is truthful in relation to what the Government said a year ago about why it would attempt a bail out. The third reason is untruthful. That is, the reason for the Government going in was to protect community organisations and local government authorities which had \$60 million to \$70 million deposited in more than 200 accounts at Rothwells.

Hon Garry Kelly: Is that wrong?

Hon P.G. PENDAL: Because the first two arguments were in Mr Burke's statement on 26 October; the third was not. The third argument has been made up since last year.

Hon Garry Kelly: What about the Catholic Education Commission - is that wrong?

Hon P.G. PENDAL: People who put their money on deposit in a high risk institution take high risks. Those people knew the risks they were taking. Those people have reassessed the way they invest funds because they realise how close they came.

Several members interjected.

Hon Tom Stephens: Who would be responsible for education if it had collapsed? The taxpayers!

Hon P.G. PENDAL: The Government has dreamed up the third reason why it bailed out those people.

Hon Tom Stephens: You are absolutely thick.

Hon P.G. PENDAL: I have a final reason to support the motion.

Several members interjected.

The PRESIDENT: Order! When I call for order that means come to order. It does not mean turn around and start talking to a member who is interjecting out of his seat improperly. It means that everybody should stop interjecting altogether.

Hon P.G. PENDAL: There is a final reason why there ought to be an investigation under section 291 of the Companies Code. In a way, it is encapsulated in the editorial which appeared in *The Weekend Australian*. If ever there were a piece of writing which summed it all up -

Hon Garry Kelly: Trial by newspaper.

Hon P.G. PENDAL: - and spelt out cogently and carefully what went on, it is here.

Several members interjected.

The PRESIDENT: Order!

Hon P.G. PENDAL: When one starts marking passages and picking out the best bits, one's pen runs dry because it is all good. Until my time runs out I will read this article. The article is written outside the parliamentary Chamber, where sometimes passions flare, by somebody away from the nonsense, and sums up the dirt that has gone on in this State in the last 12 months. It reads as follows -

The trail of deceit and financial disaster wrought by WA Inc will not be cleared by the Dowding Government's belatedly pulling the plug on the merchant Bank, Rothwells, although this is a necessary start.

At last the hapless taxpayers of Western Australia have been given an insight into the enormity of the disaster they will have to pay for. Even so, the full cost of WA Inc's commitments and payouts to Rothwells, directly or indirectly through Mr Laurie Connell and Mr Alan Bond, have not been revealed, although it obviously runs into hundreds of millions of dollars.

The Rothwells disaster transcends any question of mere ineptitude - though the arrogance of a State Government which is out of its depth is breathtaking - and raises a more pertinent one of why the Government wanted to help its mates at almost any price.

The Dowding Government's attitude towards the taxpayers of Western Australia, and towards the Rothwells investors it had been reassuring until Wednesday night, has been scandalous.

Hon Garry Kelly: Rubbish.

Hon P.G. PENDAL: The article continues -

Of the possibility that depositors will lose some if not all their money, the Premier said: "They have been warned." If anyone had been warned it was the West Australian Government - which possessed information not available to either the shareholders of Rothwells or the taxpayers of Western Australia. By continuing to involve itself until the end, it implicitly led depositors into believing that all was well.

The West Australia Government used the word "guarantee". When this was retired

by a circuitous route involving bailing out Mr Connell and a company with virtually no assets, it assured the taxpayers of Western Australia that Rothwells was secure.

People put their trust in the West Australian Government, believing Rothwells was a safe investment because it had a Government guarantee to protect its assets. WA Inc initially justified its involvement so as to ensure that small depositors, small businesses and charities were not hurt by the sharemarket crash last year.

This was a spurious and, in the light of the Government's subsequent disregard of those same shareholders, a consciously dishonest - justification for Government intervention.

Hon Garry Kelly: They are wrong, aren't they.

Hon P.G. PENDAL: Time does not permit me to quote it all. It is a magnificent editorial and, together with the other arguments I have put and those put by members on this side of the House, it warrants the Attorney General of this State exercising his powers under section 291 to set up an investigation into what occurred.

HON A.A. LEWIS (Lower Central) [9.44 pm]: I rise with rather a sad feeling in my stomach probably caused by the behaviour of the Government which cannot even take this motion seriously, cannot remain on its benches and is running its roster system again.

Hon Garry Kelly: What about the Opposition benches?

Hon A.A. LEWIS: The Opposition benches have been full all night while the Government has been running its full roster system - some in, some out - because it is a Government under attack.

Hon Tom Stephens interjected.

Hon A.A. LEWIS: Then we get interjections like the one coming from Hon Tom Stephens now.

Hon Tom Stephens interjected.

The PRESIDENT: Order!

Hon A.A. LEWIS: We get interjections like that alleging that some members have mates, and that some mates are going broke, which I view with disgust. I happen to be desperately worried about the plight of Rothwells. I happen to be a fairly long time friend of Laurie Connell, and I like the bloke. I do not know much about his business dealings at all. I am not involved to the extent of investing money because I am not one of those fortunate people who has money to invest. The attitude of Government members, who make snide comments in this House just because someone happens to be a friend of Mr Connell, disgusts me. If the Government thinks this is the way it can go, while I am here it will not be allowed to.

Hon Tom Stephens: Mr Lewis, I think all that was being said was that the only people in this Chamber who are mates of some of the accused are, in fact, your colleagues.

Hon A.A. LEWIS: Hon Tom Stephens fouled that one up because I am a friend of the gentleman who he said is the accused. Hon Tom Stephens is calling him the accused, I am not.

Hon Tom Stephens: I assure you, if you listened to Mr Evans, he would be the accused.

The PRESIDENT: Order!

Hon A.A. LEWIS: I am calling him a businessman who is a friend of mine who is in trouble.

Hon Tom Stephens: You didn't listen to Mr Evans.

Hon A.A. LEWIS: I do not want to listen to Hon Tom Stephens.

The PRESIDENT: Order!

Hon Tom Stephens: You did not listen to Mr Evans.

Hon A.A. LEWIS: I did. I listened all the way through.

Hon Tom Stephens interjected.

The PRESIDENT: Order! I tell Hon Tom Stephens one more time to come to order. That is all.

Hon A.A. LEWIS: Hon Phillip Pandal pointed out a few things. The mighty PR machine of the ALP is really in form; either that, or it has been absolutely devastated by what has happened. In reply to a dorothy dixer to Mr Taylor - on page 4498 of *Hansard* of 27 October - is an answer which comprises the whole of page 11 and a bit of page 12 of the Premier's speech. The Government is relying on extracts from *Hansard* for the Premier's comments, comments that another Minister has given. That is fairly weak to start with. It is only a matter of luck that I happened to glance at *Hansard*, as I do very occasionally.

Let us deal with the need for this investigation and turn to the Attorney General's speech tonight, which was one of his poorer efforts. I thought that the Attorney General was a bit like he usually is when he is answering questions - he did not want to take full recourse to Budget management. "Full recourse" is a commercial term. The Attorney General never wants to take full recourse. I can never understand what he does do, and I doubt whether he does. He is the only one of the triumvirate who is still here. Burke and Bryce have gone, and Berinson is still here. Mr Berinson is one of the senior Ministers who was in on this deal all the way through, yet he is accusing the Opposition of creating the Rothwells situation. He accuses the Opposition of doing horrendous things.

Hon J.M. Berinson: I did not say that, actually, Mr Lewis.

Hon A.A. LEWIS: The Attorney General said it contributed to the collapse of Rothwells. He accused the Opposition of doing this, that and the other. He should take some blame himself. He is one of the three men directly responsible for all this and he has been involved all the way through. I feel sorry for Peter Dowding and David Parker. The Attorney General, as Minister for Budget Management, is the senior man who has been involved the whole time.

Hon Tom Stephens: We are all fiercely proud of him.

Hon A.A. LEWIS: I am glad Hon Tom Stephens is fiercely proud of him. I will tell the House something about the Minister for Budget Management. It sticks in my mind because it was an occasion on which he did something, perhaps on instruction, for which I was not very happy with him. I do not think he was very proud of himself on that occasion. We were debating the Western Australian Development Corporation Bill. Hon Graham MacKinnon and I were making the point that guarantees had to be backed up somewhere and that a contingency for a guarantee had to be made in a Budget. The Minister for Budget Management did not even know that. He argued with us and then said that he would find out and come back and tell us. He never did, of course, because he found out that we were right and that any guarantee given by the Government has to have a Budget line for it, or should have such a Budget line if the Government is budgeting the right way. In the commercial world anyone giving a guarantee might as well give the bloke the money. The Government has thought that guarantees are a slick way of doing things. The WADC Bill proved that, as has WADC's operations. It comes back to the fact that even that far back the Government did not understand securities, guarantees and finances. I will just read from that pathetic, pale performance put out by the Premier. I thought Mr Pandal overdramatised when he said the Premier's Press release was good and slick. I thought it was pitiful and pale and I thought the Premier was looking the same way. I quote as follows -

We are an open and accountable Government but some people have doubts so I'll take a series of steps that will reassure West Australians about how the Government works.

The people of Western Australia do not need to be reassured; they know how the Government works, or does not work, as the case may be. This is a disgrace. Mr Berinson happened to be rude about the Press and commented about the way in which the Opposition read things from the Press.

Hon Garry Kelly: As though it were gospel.

Hon Mark Nevill interjected.

Hon P.G. Pandal: Why don't you go and play billiards?

Hon A.A. LEWIS: I will not continue to try to shout down these people, Mr Deputy President.

Hon Garry Kelly: Do you think it was wrong to give the guarantee in the first place?

The DEPUTY PRESIDENT (Hon John Williams): Order! I have asked once before and I ask once again that Hon Garry Kelly stop interjecting.

Hon A.A. LEWIS: Mr Berinson said that the Opposition was happy with the collapse. I think that is insulting in the extreme. It is a snide comment. Who would be happy with something like this happening? We are told that last year Rothwells faced a crisis. Some of us attended a briefing after the decision to rescue Rothwells was made. Those of us who were at that briefing were told that no church money or local government money was involved.

Hon Tom Stephens interjected.

Hon A.A. LEWIS: One of the people who briefed us also briefed the Leader of the Opposition. I understand that on the Sunday he got the same information, Mr Stephens. Mr MacKinnon, as an accountant, stood up and said that there was no way the Opposition could support the initial rescue of Rothwells. The Premier said that politically it would have been easier for the Government to reject the request to support a rescue package, but that would have been the wrong decision. It has now been proved that Mr MacKinnon's decision to reject support for the rescue package was the right one.

Hon Garry Kelly: No, it was not.

Hon A.A. LEWIS: Yes, it was. I ask Mr Kelly to let me finish. Unless he contributes to the debate, I will have to deal with him very severely.

Hon P.G. Pandal: We will give you a hand.

Hon A.A. LEWIS: I do stand behind where Mr Kelly sits. The Attorney General will remember what one of his ex-leaders did with a glass of water to an ex-Governor General.

Hon P.G. Pandal: I wouldn't stop there.

The DEPUTY PRESIDENT: Order!

Hon A.A. LEWIS: Mr MacKinnon made a decision. What would it have cost the State if that decision had been made last year? What would the liabilities for the State have been last year? If the Government is to be believed, not much more than \$150 million would have been needed to rescue the operation. It would have saved all the small people that members opposite are all so fond of - except for Paytons. To Mrs Jones I say that private enterprise has pulled Paytons out. Mr Pandal's friend, who thinks he will get only 50c in the dollar by 1991, will get full tote odds because private enterprises worked their guts out to pull Paytons out. The private enterprise committee that rescued Paytons obviously was a dashed sight better than the people who were allegedly sent in to help Rothwells.

Hon Tom Stephens: Mr Lewis, did they ask for Government assistance?

Hon A.A. LEWIS: Yes.

The DEPUTY PRESIDENT: Order!

Hon A.A. LEWIS: The demands that would have been made then are far lighter than the demands that will now be made. This business of thinking that Government involvement and Government guarantees cure all has become a contagious disease within the Government. Every second Bill that comes up has the Government showing successful people how to run their businesses. It would seem to me that it is about time the Government pulled out.

What happened to the \$15 million cheque to Western Collieries? I am not making any suggestions, but surely when the Attorney General pays his Myer bill he does not get credited with anything until the cheque hits the Myer cashier's desk.

Hon D.J. Wordsworth: Until it comes back.

Hon A.A. LEWIS: I think when one's cheque gets to Myers they credit it and if it bounces they debit it. This Government is trying to tell us that Western Collieries should credit \$15 million on a cheque that is in the mail. Every businessman has heard about the cheque in the mail - every time one rings somebody the cheque is in the mail. That is the financial attitude of this Government. I want to know where is the \$100 000 of interest on that \$15 million. Who has latched onto that? The interest on \$15 million for a fortnight is about \$100 000, so where is it?

Hon P.G. Pental: It might be paying for the TV adds.

Hon A.A. LEWIS: It may well be doing that.

Several members interjected.

The DEPUTY PRESIDENT (Hon John Williams): If honourable members have decided that they can turn this into a debate among themselves I am telling them that I will not allow that. This is the third time I have said this during my tenure in the chair and the President said it twice before. The chair can be only so tolerant and if members continue to delay the member on his feet we will be here for hours on end.

Hon A.A. LEWIS: I say again that as legislators we should be looking at trustee investments. Trustee investments fall into the ambit of the Minister for Budget Management, the Minister for Consumer Affairs and the Attorney General. We should be looking at whether we have been too lenient about making companies trustee investment companies. I believe they have to have a record of three years' profits before they can become a trustee investment company. That seems crazy to me.

Hon Mark Nevill: Is it not seven years?

Hon A.A. LEWIS: It may be. I am not an expert. During those three years the company can have a profit of \$2 000, \$3 000 or \$8 000, which is peanuts. It can then be launched as a trustee investment company taking money from churches and local authorities. Hon Mark Nevill may disagree with me, and if he does he should hop up and say so, but I believe this is one of the key matters in this whole issue - whether certain companies should be able to take trustee investments or not.

Hon Mark Nevill: It has been addressed by the commission.

Hon A.A. LEWIS: I am frightened that it might be some time before the commission reports. I think it should be done before then. A Government elected by the people should start making an odd decision - or a wise decision, because it has been making odd decisions for a fair while.

Hon T.G. Butler: It is better than making no decision at all.

Hon A.A. LEWIS: The President of the ALP in Western Australia says it is better than making no decision at all. I am not sure that if the Government made no decision in relation to business enterprises those businesses would not be far better off. However, that is an indication of how the ALP thinks - that it is better, and knows better than the business world.

Hon T.G. Butler: We think we are better than you.

Hon A.A. LEWIS: The interjection is that they think they are better than us. They do not think - with their swollen heads they know they are - but they are not going to get up and debate the matter in this place. Government members are told to sit down and shut up. They were called to a caucus meeting on Friday and told, "You will sit there with your mouths shut because you know nothing about it. Do as Daddy says." This is the prelude to the Parker takeover.

Hon T.G. Butler: I thought your deputy leader was ahead of the leader.

Hon A.A. LEWIS: I would like to be as sure of winning the lottery as I am that Barry MacKinnon will continue to lead the Liberal Party for a long time to come. He has been proven to be the strong Leader in Western Australia. Government members can throw their Berinsons, Bryces and Dowdings out the door as they have been proven to be failures. The only person who has proven to be strong, to be knowing what he is doing, is Barry MacKinnon.

Hon T.G. Butler: Is that right?

Hon A.A. LEWIS: Yes, and it is about time Hon Tom Butler woke up to that. One day in February or March he will find that he is not sitting where he is now.

Hon T.G. Butler: I will be, but Hon A.A. Lewis will not be.

Hon A.A. LEWIS: The interesting thing about Hon Tom Butler is that he knows absolutely damn all about how this place works. He interjects continually. His colleagues all know that he is no good for anything but interjections. He is no good on his feet, or at doing anything in this House.

Hon T.G. Butler: Is that right?

Hon A.A. LEWIS: Yes. How is Western Australia perceived overseas with all this going on.

Hon Mark Nevill: The Indonesians fancy us.

Hon A.A. LEWIS: That is about the only development done by this Government, a bit of illegal trochus shelling. Most of us have read the *London Financial Times* and what it says about how depressed it is about Western Australia. We must have an investigation as soon as possible. I do not doubt the basic strength of the Western Australian economy, but I do doubt the management of that basic strength because at the moment that management is nil. We are talking here of an amount of money comprising a third of the taxes and charges revenue of this State, which has been squandered. Who will make up the difference? It is all right to say that this is a basically strong State, because we believe that, but one cannot continue to bleed, and bleed, and bleed however strong the economy is. Our development is threatened by Government interference and by the perception of people in every State of Australia, of every major newspaper in Australia and most of the major newspapers of the world that we are a hick State. That has only happened since this Government came into power.

Hon P.G. Pental: That is right.

Hon A.A. LEWIS: There was never any thought that the Western Australian Government was under any pressure. There was no doubt about the potential of Western Australia until this Government took over. As one who tries to encourage involvement in industry in Western Australia, I think we have done pretty well.

Hon T.G. Butler interjected.

Hon A.A. LEWIS: Let us look at 1982; the greatest drought for years. Government members laugh! Is that right or wrong?

Hon P.G. Pental: I would not try to explain it, Mr Lewis; their IQ level is a bit on the left.

Hon A.A. LEWIS: It was brought about by the same thing that will bring about Mr Butler's defeat next year - arrogance; pure and utter arrogance. If this Labor Government and its backbenchers are not the most arrogant group of people who have ever ruled in this State, I would like to know who is more arrogant. I have had some things to say in the past about arrogance.

Hon T.G. Butler: Have you?

Hon A.A. LEWIS: Yes, I have, as a result of watching people like Mr Butler.

The Premier says that at the time of the crash Rothwells conducted 80 per cent of its business in Western Australia, and it was a lender to 400 companies. We are not told how many were sound, how many were not, who owned them and what they were. I would not think the borrowers were all that worried. They will be given a reasonable time to pay back, whatever receiver is put in. The investors would be worried; they are the people who should have been protected.

Here comes the crunch. I attended one of these briefings. The Premier now lets the cat out of the bag, because we were told there were no local government and church groups. There was a significant number of church based charitable and local government organisations holding funds with Rothwells. We were not told that. It may have been better then to pay out, saying, "Your first loss is your best loss."

I think Mr Pental referred to page five, where it is said that a large number of small to medium Western Australian businesses relied on Rothwells for finance. Those small to medium businesses already had the finance. If they were being properly run, they would not have been a drain on Rothwells. So why do we worry about them? To maintain confidence in financial institutions. Again I refer to what I said about trustee investments. This Parliament must have a very serious look at trustee investments before going much further. I do not think only the Western Australian Government is involved; I think it involves the total Australian community.

Turning to the SECWA payment to Western Collieries, why the fortnight's delay? Where is

the interest? I am sure the Minister would not credit me with \$15 million until he had the cheque in his hot little hand. I would not credit him either, because that is the way business is done.

Hon Graham Edwards: I am disappointed.

Hon A.A. LEWIS: I am sure the Minister is not a "cheque in the mail" fellow; I am sure he pays up and pays up willingly. This Government expects us to believe that a cheque can go missing for a fortnight and we should not be concerned about it. I refer again to the Premier's outburst on Sunday night, when he said, "We are an open and accountable Government." On page nine he says, "At the same time the Opposition was seeking inside and outside Parliament details about the Government's position." Is that a legitimate thing that Oppositions should be doing? Is there anything unfair about an Opposition seeking inside and outside of Parliament details about the Government's position? Is there anything basically unfair about that? I do not hear anybody saying it is basically unfair.

The Premier goes on to talk about the briefing. I do not know Mr MacKinnon's reaction, because I was not in on the conversation, or why he refused the briefing. Having had the briefing the year before, he probably felt a little as I do. I mentioned page 4469 of *Hansard* and page 11 of the Premier's speech taken from Mr Taylor's Dorothy Dixer.

I am very interested to see in the Premier's speech the comment, "We already have an extensive range of checks and balances in place, ranging from the requirement to report to Parliament and including the new Financial Administration and Audit Act." Reporting to Parliament is one of the things this Government has not been all that good at, and all members who look at it honestly must admit that. Even if the Opposition does have a crack at the Government, nothing much is done about it.

I am very pleased to see that the review of WADC and Exim will start soon to ensure both corporations are fulfilling their objectives. I have it on very good authority that in the short term money market, funds invested by the Treasury are doing a lot better than those invested by WADC, and WADC is ripping one per cent off the top. I hope some Government member can prove me wrong. I do not think one will be able to, but this is all part of the illusionary money management that this Government has conducted all the time it has been in office. Luckily for Western Australia, it will not be in office much longer. I might be letting my leader down, but I do not think it matters all that much, except for the time this investigation goes on. That is the time it will take to let Western Australian people know where they stand. The truth will come out. The horrible, gory truth of the dealings of this Government, some of which could cuddle up nicely to a corkscrew, will come out. It is laughable for the Premier to say that this is an open and accountable Government. We have all seen the jumping from foot to foot of various Ministers as they avoid answering questions.

I want to finish on the note I started with. I have tried to make some constructive suggestions but I do resent people's friendships with businessmen being thrown in their faces in this place by way of interjection and snide comment during debate. I hope Rothwells gets out of this mess and I hope Laurie Connell continues to be a successful businessman because, as I said earlier, he is a friend of mine. It gives me no joy to speak on this because we have a Government which will not take the bull by the horns and get on with the job. This Government is incompetent and has been seen to be incompetent, and the only way we will get any answers at all is for the Attorney General to use his powers and start investigations as soon as possible.

HON NEIL OLIVER (West) [10.22 pm]: It was interesting to hear the note on which Hon A.A. Lewis finished his remarks. That is, that the Attorney General should exercise his power as the principal legal officer of this State to ensure that an adequate investigation is conducted through the Corporate Affairs Department of Western Australia into the circumstances surrounding Rothwells Ltd. The Attorney General has found himself in an unusual situation because not only is he required to assume the Cabinet portfolio of Attorney General but also, as I said earlier, he is the chief legal officer of the State and he is responsible for the administration of its laws. There must never be a conflict of interest between his oath of office and his duty to the people of this State. However, since 1983 this Government has had the attitude that it can do anything it likes without the approval of Parliament. I know that at times this may have caused disquiet and unrest among members

of the Labor Caucus. I know that at times large sums of money were advanced, particularly through building societies, on the whim of former Treasurer, Brian Burke, without any reference whatsoever to the Minister for Budget Management or to the Cabinet. It is a very serious situation where financial undertakings and appropriations are done at the will of one person, without being subject to scrutiny or even consultation with his colleagues or with Cabinet, which is the Executive arm of Government.

I can say that quite openly because some three or four years ago I was passing through the Select Committee room into the billiard room where the honourable gentleman over there who interjects quite regularly spends a large proportion of his time. However, at that time a Press conference was in progress. At the table of the Press conference was the former Treasurer of Western Australia, Mr Brian Burke, who was flanked by some of the leading managers - and in one instance the chairman of a major lending institution in housing - of this State. The time was approximately 4.00 pm and I asked Mr Gerry Maher, who was with the Australian Broadcasting Corporation, whether he had a copy of the Press release. He did not, but he referred me to the Premier's Press secretary, Ron Barry, who was a very fine and dedicated Press secretary. He said, "Neil, here, have a copy." This scheme involved the expenditure of \$60 million, from memory, into a subsidy scheme for housing because of the forthcoming election. At question time that day I came to this place and I asked a question of the Minister for Budget Management regarding the grant of those funds. The Minister for Budget Management asked me to repeat the question and I did so; he said, "I am sorry. I do not even know what you are talking about." That is in the *Hansard* record. That is the way this State has been run. I know it has been disturbing to many backbenchers, as it has been to members on this side of the House, to know that decisions of that nature and magnitude have been made without consideration by Cabinet, let alone a subcommittee, if there is one, of budget management, which I presume may be within Cabinet. Certainly that decision was made without even advising the Labor Caucus. That was the general scenario. Frankly I am concerned and I hope that the Attorney General will not treat this matter lightly. We have a responsibility to put politics aside and to come to the basis of what this is all about.

We are talking firstly about the securities industry of Australia. The Attorney General is charged with the administration of the Securities Industry Act in this State. Rothwells, prior to Black Friday, held a security dealer's licence. Whether that security dealer's licence was issued in Western Australia or in Queensland I do not know. The security dealer's licence applies to stockbrokers, to finance houses and to institutions that may be involved in borrowing or lending. The terminology of a merchant bank has no foundation in Australia generally because there is really no animal such as a merchant bank. Australia federally is controlled under what is called the Banking Act and therefore banks which are registered with the Reserve Bank are administered under a Federal Act. The Companies Code and the Companies and Securities Code are administered by the Attorney General. Under that latter code the Attorney General is responsible for the licensing of securities dealers. That licence is not a *carte blanche* licence. It specifically requires that a firm, a partnership or an individual shall not borrow or lend beyond 90 days. I believe, on examining the circumstances that led up to the event in October last year, that not only was Rothwells Ltd in breach of its securities dealer's licence -

Hon D.J. Wordsworth: Which October?

Hon NEIL OLIVER: October 1987. I also believe it was in breach of the lending criteria and was also involved in equity participation in companies. I am not aware whether the company's licence allowed it to expand its activities into that area, but it is certainly a very dangerous area into which a security dealer can move if the company is borrowing and lending at 90 days. It is certainly not advisable to take long term equity participation in a company when it is involved in such a volatile money market. Subsequent to October 1987 and for some reason unknown to this House, Rothwells' securities dealer's licence was withdrawn.

Hon D.J. Wordsworth: When?

Hon NEIL OLIVER: Late in October 1987 or early in November. I do not know on what basis it was withdrawn. However, Rothwells continued to trade and this Government continued to support the company purely as a trustee company or as a company involved in a major financial operation.

We are all aware that any company can borrow and lend funds and that is exactly what Rothwells did. It could have been involved in timber or in furniture, borrowing and lending. That is exactly what Rothwells Ltd did after its securities dealer's licence was withdrawn. What did this Government do? It supported that institution and even allowed its name to be associated with the company as if it were a financial institution. It allowed it to continue calling itself a merchant bank when it was not a merchant bank and it had in no way complied with any of the financial restrictions of the Companies Code. The only restraints placed upon it were the normal public companies' requirement for public audits to be carried out, the requirements of the Stock Exchanges where its shares were listed being met, and for it to file its balance sheets in accordance with the provisions of the code. This Government supported it to the extent that it placed members of the Public Service, or temporary or contract public servants, in its employ in senior positions of Rothwells Ltd. This Government cannot be forgiven for doing that. Neither can it be forgiven for indicating to the people that they could continue to invest with confidence in this financial institution which had ceased to be a financial institution.

One wonders how these events continued, how Tony Lloyd could handle these 90 day bills and how Rothwells operated in the short term money market. What did it do with its short term deposits? Hon Mick Gayfer knows about these matters because of his dealings with Co-operative Bulk Handling. How was Rothwells operating? Was it operating in the options market or in the futures market where it had no right to be? Let us hope it was not handling the short term money market operations of the Government and therefore the funds of the State of Western Australia.

This has been a very interesting and very enlightening debate. Many questions have been asked, but none has been answered. Irrespective of what happens to Rothwells Ltd it has been painful to see how our Labor leaders have engaged in word management to make a \$100 million taxpayer loss seem like a piece of bad luck. The Prime Minister said that the WA Government showed "appropriate prudence". Mr Dowding, so recently standing by Rothwells, said that those affected had adequate warning, yet we know of secret meetings three or four days before the event and we know that further funds were placed with Rothwells Ltd. Mr Burke, safe in Ireland, said that he regretted the loss for investors, including the Government! I trust he means the taxpayers. But there are vital words missing, and they could well prove unmanageable. They are yet to be brought to the surface. I do not believe that even the State Government's 72 public relations men will suppress it because at no time have I seen any reference to the words "parliamentary approval" for the huge sums guaranteed, paid, risked, and lost. What entitled the State Government Insurance Commission and the Western Australian Development Corporation to be used as mediums for such high-roller gambling? It is the backing of the Government for misuse of funds that makes them credible. In this Parliament, in this forum where a Government is to be subject to scrutiny, when any of these questions are asked we are told that the answers are highly confidential or are of a commercial nature or that confidential negotiations are still proceeding. Does this make the risk of our taxpayers' funds credible? That is why the words "parliamentary approval" are required for such commitments. Governments are not allowed to commit the potential expenditure of taxpayers' funds without such approval. This Government has committed funds without any approval and without any appropriation of the Parliament. Frankly, it will go down in history because it would not happen with any Government other than that of a banana republic.

Hon Doug Wenn: Why don't you put up a motion?

Hon NEIL OLIVER: Only in a banana republic could this amount of money be appropriated from the parliamentary purse or guarantees be given without the approval of the Parliament.

Hon Doug Wenn: Put up the motion.

Hon NEIL OLIVER: I find no evidence that such approval exists in these cases. If it does not exist, the State Government acted outside the law and the commitments are not valid. This \$150 million guarantee facility which was so conveniently printed in the Rothwells corporate brochure as one from the Government of Western Australia is totally and utterly incorrect.

Hon D.J. Wordsworth: It actually states there that it has a Government guarantee?

Hon NEIL OLIVER: I repeat that the brochure refers to a \$150 million guarantee facility from the Government of Western Australia.

Hon D.J. Wordsworth: Mr Berinson says that the Government has not given a guarantee.

Hon NEIL OLIVER: It is printed in a Rothwells brochure called "Our Current Position".

Hon D.K. Dans: That was last week or this week?

Hon NEIL OLIVER: It was published within two months of the restructuring of Rothwells Limited. That \$150 million Government guarantee was no guarantee. Should Rothwells Limited have been placed in receivership, the taxpayers of Western Australia would have been obliged to make up any differences between the realisation of assets and the liabilities of Rothwells Limited. That guarantee was discharged recently.

Hon Doug Wenn: You just said it was not a guarantee.

Hon Mark Nevill: You cannot discharge a guarantee if there wasn't one.

Hon NEIL OLIVER: In the discharge of that guarantee - which was also possibly not enforceable by the National Australia Bank because it was not appropriated nor approved by the Parliament - that amount may well be called up because when a company is placed in liquidation the activities of that company over the previous six months are subject to investigation and all unsecured creditors, whatever the payments may be, can be withdrawn.

Hon Mark Nevill: Everyone knows that.

Hon NEIL OLIVER: I must admit that a bird in the hand is worth more than two birds in the bush, but I presume that the Government would be reasonably honourable with respect to its obligations to the National Australia Bank.

The Government has committed taxpayers' funds illegally and those responsible for it should be dealt with. If guarantees have been made illegally, taxpayers' funds cannot properly be used to support them. If the Government has followed a legal course it should explain itself in detail very quickly. If it has not, it should say so and take the consequences before a bad situation becomes worse.

Hon T.G. Butler: Like this speech.

Hon NEIL OLIVER: Speaking as a taxpayer and not a member of Parliament, I want the answers.

Hon Mark Nevill: When did you last pay tax?

Hon NEIL OLIVER: Only two words are needed to put things right - "parliamentary approval".

Hon Doug Wenn: Bring them to the Bar!

HON G.E. MASTERS (West - Leader of the Opposition) [10.47 pm]: I do not intend to canvass all the arguments that have been put forward this evening. I thank members on my side of the House for their very strong and substantial contributions to the debate. I have been disappointed, as have most members, with the response to the motion from the Government through the Attorney General. Nevertheless, our last speaker made perhaps one of the most significant points in the debate.

Hon Mark Nevill interjected.

Hon G.E. MASTERS: Hon Mark Nevill may laugh about it, but he probably was not listening to the speech. The reason for the debacle and all the problems the Government is now encountering and the bad Press it is receiving is that the Government did not refer these matters to the Parliament itself. Thus substantial sums of taxpayers' money have been committed to various risky enterprises - large sums of money which have not been authorised by the Parliament. If a Government of any political persuasion is not accountable to the Parliament, if it refuses to answer questions or to give details to the Parliament, it is denying the public that knowledge because parliamentarians are elected by the public to represent them in this place. That is what it is all about. The immense problems that Western Australia faces today and the reasons for the mass of Press reports and the criticism of Western Australia - ultimately therefore reflecting on the people themselves - have been brought about by the Government's contempt of the parliamentary system. The traditional

style of Government which has to report to the Parliament, account to the Parliament and seek the authority of Parliament to spend large sums of money has been ignored. That is the tragedy. I hope the Government has seen the error of its ways and that from now on any sums of money, large or small, which are committed by the Government in this sort of area will be with the authority of Parliament and reported to Parliament. If that is not the case we shall go through this whole process again.

I was concerned that the Attorney General suggested the cause of the collapse related in part to the Liberal Party and the National Party asking questions and criticising what had been happening. Surely to goodness, if members of Parliament are not able to inquire into, demand answers from, or criticise the Government when they think things are going wrong, particularly when they involve the public purse, they are not doing their job and should not be in this place. It is totally unfair and arrogant of the Government to try to pass some of the blame for the collapse of Rothwells onto the Opposition parties. The Press has well and truly picked up this point and it has strongly criticised the Government for trying to pass the buck, to divert attention from its own misfortunes which have occurred as a result of its irresponsibility and incompetence.

The Attorney General referred to the possibility that the Opposition would seek to block one of the money Bills. That was never an option as far as the Opposition is concerned and it was misreported in the Press.

The DEPUTY PRESIDENT (Hon John Williams): Order! I take it that Hon Doug Wenn has not heard what I have said three or four times during this debate: Members are not allowed to carry on a conversation which is audible to the Chair with a member on his feet. Hon Doug Wenn has had every opportunity to speak and the choice is his. I ask that he obey the Standing Orders for the conduct of debate in this House.

Hon G.E. MASTERS: As far as the Opposition is concerned the stopping of supply in any shape or form was never an option under consideration. I want to lay that to rest. The purpose of the motion is to strongly recommend to the Leader of the House, as Attorney General, that he now exercise the powers conferred on him by sections 291 and 292 of the Companies (Western Australia) Code to nominate a person required to carry out an investigation, that is a special investigator. Further, the motion includes reasons and background for putting forward that proposition. In addition, it is the direction of the House that the Attorney General shall inform this House by the close of business on Tuesday, 15 November whether he has ordered or intends to order such an investigation. In his speech the Attorney General said that under the provisions of the Companies (Western Australia) Code, he believed he was not able to direct the National Companies and Securities Commission in the appointment of a particular person as a special investigator. He said it was up to the NCSC to appoint a person of its choice. I may be wrong and the Attorney General can correct me if I am, but I understand that he is definitely in a position to direct the commission to carry out an investigation and to nominate a person to carry out that investigation. I refer the Attorney General to section 291(1) which states -

Where it appears to the Minister that it is in the public interest in respect of the State that an investigation be carried out into the affairs, or into particular affairs, of a corporation, the Minister may, by instrument in writing, direct the Commission to arrange for the investigation into the affairs, or into those particular affairs of that corporation.

Section 292(1) states that -

An instrument containing a prescribed direction -

- (a) shall specify the matters that are to be investigated;
- (b) may require the investigation to be carried out by the Commission or require it to be carried out via an inspector to be appointed by the Commission; and
- (c) in the case of an investigation that is to be carried out by an inspector appointed by the Commission - may require a specified person to be appointed as the inspector and may require him to be appointed on specified terms and conditions.

Section 292(3) states that -

Where the Commission receives a direction, the Commission shall -

- (a) in the case of a prescribed direction - comply with any requirements specified in the direction.

It is quite clear and precise: We require the Attorney General to ask the commission to follow his direction and to appoint a person nominated by him to carry out a special investigation. Our request is quite proper and is within the capabilities of the Attorney General. The Opposition has asked for it to be dealt with by a special investigator because a number of matters need to be addressed by a skilled person who will have the necessary legal backup. I will refer briefly to some of the areas canvassed during the debate.

It was originally suggested that the bad debts amounted to approximately \$140 million, but it is now apparent that the amount could be between \$300 million and \$500 million; that is a big difference. We are dealing with figures in that category but no-one knows the exact figure. If that is the proportion from a total \$650 million debt - it could be much more - then again those bad debts have been grossly understated. Furthermore, the NCSC was investigating Rothwells before the crash occurred and yet it seems that no action was taken. Extravagant claims and forecasts have been made by Rothwells which I suggest were false or misleading, and which need to be investigated. Doubts exist about the February accounts which I mentioned earlier, in which incorrect figures appear to have been provided. Secret rescues have been organised involving the Superannuation Board, for example, which paid \$15 million into the bank. That may or may not be the case, but it has been suggested. It has also been reported that the State Government Insurance Commission put vast sums of money into Rothwells over a period of time. Reference has been made in the Press to a matter which should be of the utmost concern to the Government; that is, an article which appears in the finance section of an early edition of *The West Australian* of Wednesday, 9 November under the heading "SGIC's late millions in Rothwells loans". It appears from the report that the SGIC placed millions of dollars in Rothwells just weeks after three of Australia's big four banks retired their loans to the ailing investment company. It seems that SGIC, a Government instrumentality backed by the Government, put taxpayers' money at risk at a time when a number of banks and groups such as Bond had retired their loans to Rothwells. The articles states -

It is also apparent that Alan Bond and his group of companies has dramatically reduced their exposure to the ailing merchant bank before the last-ditch injection of government instrumentality cash.

That needs to be investigated because it appears that a Government instrumentality has been borrowing millions of dollars, underwritten by the Government and by the public. We find that people who are immensely wealthy and who could well withstand the shock of losing some money have been withdrawing their money as quickly as they could. However, the small investors were not warned. Mr Tony Lloyd, the man appointed by the Government to manage Rothwells, allowed the SGIC to place millions of dollars in Rothwells, and allowed large investors and people with a bit of pull and standing in the community to withdraw their funds while the small investors saw their funds go down the tube. We have also the purchase from Western Collieries of a large tonnage of coal, and the fact that \$15 million was lost sight of for two weeks. That money would attract interest of about \$110 000 if it were invested. That may not sound like a large amount of money in the context of what we are talking about, but it is a large sum of money in the eyes of people in the community. This money has gone into someone's pocket. Rothwells accepted deposits from small investors when its directors knew it was going bankrupt. These investors were coming along with their hard earned cash, and Mr Tony Lloyd was accepting that money. This should be investigated, and we might end up seeing some people getting into a lot of trouble and appearing before the courts. Many small investors went to the bank during the early part of last week, and were told they could not withdraw their money. Yet the BLF was able to withdraw its \$800 000.

Hon S.M. Piantadosi interjected.

Hon G.E. MASTERS: The member does not think that is right. Members opposite have said this evening, on two or three occasions, that we should prove it.

A Government member interjected.

Hon G.E. MASTERS: Members opposite ask what do we have against the BLF. I was saying that the small investors could not withdraw their funds, yet the BLF was able to withdraw \$800 000. It seems to me someone pulled a few strings, which is worthy of a thorough investigation. A document was produced this evening in the other House to prove that to be a fact. Mr Bond withdrew \$25 million two or three weeks before Rothwells collapsed. Mr Tony Lloyd was managing Rothwells on behalf of the Government, so one would think the Government would have been advised that \$25 million was withdrawn.

We have seen in the petrochemical deal \$175 million was passed around in a rapidly decreasing circle, and it must have finished up in the pockets of one or two people. That public money has disappeared down the tube. We want to know where it went to. Members opposite might laugh about it, but we are talking about vast sums of money being spent by this Government, without reference to this Parliament and without there being accountability. Why did the Government allow the SGIC to continue to pour money into what it knew was an enterprise that was going bankrupt?

There is good reason for appointing an investigator. A liquidator cannot do the job properly because a liquidator must report to the Corporate Affairs Department. A liquidator has expertise in collecting debts, selling assets, distributing money to creditors, and in reporting whether the directors have broken the rules or regulations. A liquidator would not look at share dealings, the possibility of insider trading, the complex deals that have gone on under the table and around the corners, or at some of the nefarious dealings that have been carried on over recent times. I do not think there can be any argument there needs to be a special investigation. If the Government is sincere and genuine in wishing to clear up the whole of this fiasco, it will be no good simply appointing a commission to look into the future arrangements because we want to know what has happened to the money, who has been acting illegally, and who is finally responsible for this debacle. That can only be done by appointing a special investigator under the terms and conditions of the motion before the House. I ask members to support the motion.

Question put and a division taken with the following result -

Ayes (15)

Hon C.J. Bell	Hon H.W. Gayfer	Hon G.E. Masters	Hon John Williams
Hon J.N. Caldwell	Hon Barry House	Hon N.F. Moore	Hon D.J. Wordsworth
Hon E.J. Charlton	Hon A.A. Lewis	Hon P.G. Pandal	Hon Margaret McAleer
Hon Max Evans	Hon P.H. Lockyer	Hon W.N. Stretch	(Teller)

Noes (14)

Hon J.M. Berinson	Hon Kay Hallaban	Hon Garry Kelly	Hon Doug Wenn
Hon T.G. Butler	Hon Tom Helm	Hon Mark Nevill	Hon Fred McKenzie
Hon D.K. Dans	Hon Robert Hetherington	Hon S.M. Piantadosi	(Teller)
Hon Graham Edwards	Hon B.L. Jones	Hon Tom Stephens	

Pairs

Ayes	Noes
Hon Tom McNeil	Hon J.M. Brown
Hon Neil Oliver	Hon John Halden

Question thus passed.

JUSTICES AMENDMENT BILL

Assembly's Message

Message from the Assembly received and read notifying that it did not insist on its amendment to the Justices Amendment Bill.

House adjourned at 11.11 pm

QUESTIONS ON NOTICE

EDUCATION - TECHNICAL AND FURTHER EDUCATION

Carpentry and Joinery Pre-apprenticeship Course, Thornlie - Cessation

465. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

- (1) Is it correct that the carpentry and joinery pre-apprenticeship course at Thornlie TAFE is to cease at the end of 1988?
- (2) If so, why was this decision taken?
- (3) Were representatives from the building industry consulted before this decision was made?
- (4) If not, why not?
- (5) Did ITAC consult its carpentry and joinery advisory committee before the decision was made to stop the course at Thornlie?
- (6) If not, why not?
- (7) What other TAFE colleges are to run the carpentry and joinery pre-apprenticeship course in 1989?
- (8) How many students can the courses at these colleges accommodate?
- (9) How many applications for enrolment at the course at Thornlie TAFE were received in 1988?
- (10) How many students were actually enrolled in the course at Thornlie TAFE in 1988?
- (11) How is it planned to accommodate applications for 1989 for the course from students in the Thornlie, Armadale and Gosnells areas?
- (12) How many students applied for enrolment in this course at Midland, Fremantle and Leederville in 1988?
- (13) How many students were accommodated at these three TAFE colleges in 1988?
- (14) Is it correct that the carpentry and joinery pre-apprenticeship course at Geraldton TAFE is to be cut back by half in 1989?
- (15) Will this course in Geraldton in 1989 also include cabinet making within the half time allocation?

Hon KAY HALLAHAN replied:

The Minister assisting the Minister for Education with TAFE has advised me that -

- (1) There is no specific carpentry and joinery pre-apprenticeship course at Thornlie in 1988.
- (2)-(6) Not applicable.
- (7) Balga, Fremantle, Leederville, Midland and Bunbury.
- (8) Sixty.
- (9) Fifty-five applications for a family of trades pre-apprenticeship course which includes carpentry and joinery and cabinet making.
- (10) Fourteen.
- (11) A family of trades pre-apprenticeship course will be conducted at Thornlie in 1989. However, students who specifically want the single trade of carpentry and joinery will be accommodated at any of the other metropolitan colleges stated in (7).

- (12) For the carpentry and joinery pre-apprenticeship course -

Fremantle	44;
Leederville	15; and
Midland	40.

- (13) Thirty six.

- (14-15)

The carpentry and joinery pre-apprenticeship is to be included in a family of trades pre-apprenticeship in 1989 which will also include cabinet making.

FAMILIES - FAMILY DAY CARE CENTRES

Kingsley - Locality

479. Hon P.G. PENDAL to the Minister for The Family:

- (1) Where in the Kingsley area will the proposed family centre be built?
- (2) When will construction of the centre commence and when is it anticipated the centre will be operational?

Hon KAY HALLAHAN replied:

- (1) Negotiations are proceeding between the City of Wanneroo and the Department for Community Services for identification of a suitable site in Kingsley.
- (2) The Building Management Authority is poised to commence preparation towards construction once the site has been identified.

EDUCATION - TERTIARY

University of Western Australia - Proposed Restructuring, Statute Changes

480. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

I refer the Minister to her answer to question 1504 of 1988 in the Legislative Assembly. Why is there any doubt about the need for changes to the University of WA Statutes in order to achieve the proposed restructuring of the university?

Hon KAY HALLAHAN replied:

Following investigation within the University of WA, advice from there indicates that it will be necessary to effect statutory changes to bring about the restructure.

DAIRYING - MINISTERIAL REPORT

Public Release

481. Hon BARRY HOUSE to the Minister for Consumer Affairs representing the Minister for Agriculture:

- (1) Is it the Minister's intention to make the contents of the ministerial report into the dairy industry, completed in April 1988, available to the public?
- (2) If so, when will the report be released?

Hon GRAHAM EDWARDS replied:

- (1) Yes.
- (2) The report is being considered by the Minister and a release date is yet to be determined.

WILDLIFE - BIRDS

Starlings - Sightings, South West Land Division

482. Hon W.N. STRETCH to the Minister for Consumer Affairs representing the Minister for Agriculture:

- (1) How many sightings of starling flocks have been reported and confirmed since 1 July 1988 in the south west land division of WA?

- (2) Approximately how many birds comprise these sightings?
- (3) How many starlings have been destroyed in that period?
- (4) Approximately how many starlings are still at large?

Hon GRAHAM EDWARDS replied:

- (1) Three.
- (2) Approximately 91.
- (3) Sixteen.
- (4) Approximately 75 are estimated to be still at large. The eradication program is continuing.

COMMUNITY SERVICES - ADOPTION LEGISLATION REVIEW COMMITTEE

Members

484. Hon P.G. PENDAL to the Minister for Community Services:

What are the names of the members of the adoption legislation review committee?

Hon KAY HALLAHAN replied:

Letters have been sent inviting membership onto the adoptions legislative review committee. When replies have been received and the membership finalised I will advise further.

HEALTH - PRESCRIPTION DRUGS

Federal "Special Authority List" - Groups' Concern

485. Hon P.G. PENDAL to the Minister for Community Services representing the Minister for Health:

- (1) Is the Minister aware of the concern of groups such as the Legacy organisation regarding the Commonwealth Government's decision to place 53 prescription drugs on a "special authority list"?
- (2) In the light of the concern of such groups, what action is the Western Australian Government proposing to take?

Hon KAY HALLAHAN replied:

- (1) Yes.
- (2) It is surprising the member asks this question in view of the widely acknowledged actions the Government has taken on this issue. These include making consistent and direct representations to the Federal Minister to reverse the decision to place certain drugs on the authority list and the establishment of a hotline to enable members of the community to voice their concerns and have these conveyed to the Federal Government. The member should also be aware that the efforts made by the State Government in cooperation with others have succeeded in having 34 of the 53 drugs removed from the list as from 1 December 1988.

EDUCATION - DISADVANTAGED SCHOOLS PROGRAM

Federal Funding Cuts - State Resistance

486. Hon P.G. PENDAL to the Minister for Community Services representing the Minister for Education:

I refer to the disadvantaged schools program and ask -

- (1) What action is the State Government proposing to take to resist the reduced effectiveness of the program through funding cuts and/or reorganisation at the Federal level?
- (2) Which Western Australian schools come under the disadvantaged category?

Hon KAY HALLAHAN replied:

- (1) The Department of Employment, Education and Training has maintained its commitment to the DSP in the Federal Budget statement, thus allowing the continued operation of the program in 1989. It is also anticipated that in the forthcoming year there will be no major alterations to the administration of the program at the State level.
- (2) See below.

PRIORITY SCHOOLS PROGRAM - LIST OF SCHOOLS

Armadale District

Grovelands ECEC
Grovelands PS
Gwynne Park PS
Neerigen Brook PS

Bayswater District

Ashfield PS
Cyril Jackson SHS
Governor
Stirling SHS
Lockridge JPS
Lockridge PS
Lockridge SHS
Maylands PS
Middle Swan PS
Midland PS
Midvale PS
West Midland PS

Cockburn District

Calista PS
Coolbellup PS
Koorilla PS
Kwinana SHS
Medina PS
North Lake PS
North Lake SHS
North Parmelia PS
Orelia PS
Southwell PS

Darling Range District

Bellevue PS

Balga District

Balga JPS
Balga PS
Balga SHS
Blackmore PS
Girrawheen PS
Girrawheen SHS
Hainsworth PS
Koondoola PS
Montrose PS
North Balga JPS
North Balga PS
Waddington PS
Warriapendi PS

Melville District

Beaconsfield PS
Hilton PS
South Terrace PS
Willagee PS

Dianella District

Highgate PS
North Perth JPS
North Perth PS
Westminster JP
Westminster PS

Perth South District

Belmay PS
Belmont SHS
Bentley JPS
Bentley PS
Carlisle PS
Koonawarra PS
Millen PS
Redcliffe PS
Rivervale PS
Tranby PS
Victoria Park PS

Peel District

Rockingham Beach PS

Scarborough District

Balcatta PS
Osborne PS

Swan District

Leederville PS
Lake Monger PS

Thornlie District

Queens Park PS

Willetton District

Brookman PS
Langford PS

Albany District

Mt Lockyer PS

Bunbury (north) District

Wilson Park PS

Bunbury (south) District

Withers PS

Geraldton (north) District

Beachlands PS
 Camarvon PS
 Camarvon SHS
 East Camarvon PS

Geraldton (south) District

Mullewa DHS
 Rangeway PS

Hedland District

Hedland SHS
 Jigalong PS
 Marble Bar PS
 Nullagine PS
 Port Hedland PS

South Hedland PS
 Yandeyarra PS

Karratha District

Onslow PS
 Roebourne PS

Merredin District

Kellerberrin DHS

Northam District

Brookton DHS
 Tammin PS
 West Northam PS
 Wundowie DHS

**WESTERN AUSTRALIA
 PRIORITY COUNTRY AREAS PROGRAM
 PARTICIPATING SCHOOLS - 1988**

Goldfields Area (45)

Blackstone Primary
 Boulder Junior Primary
 Boulder Primary
 Cascade Primary
 Castletown Primary
 Christian Aboriginal Parent
 Controlled (Coolgardie)
 Condingup Primary
 Coolgardie Primary
 Eastern Goldfields Senior
 High
 East Kalgoorlie Primary
 Esperance Christian College
 Esperance Primary
 Esperance Senior High
 Grass Patch Primary
 Jameson Primary
 Jerdacuttup Primary
 John Paul College
 (Kalgoorlie)
 Kalgoorlie Catholic Primary
 Kalgoorlie Primary
 Kambalda Primary
 Kambalda Senior High
 Kiwirrkurra Primary
 Laverton District High
 Leinster Primary
 Leonora Primary
 Lorna Mitchell
 Menzies Primary
 Mt Margaret Primary
 Munglinup Primary
 Norseman District High
 North Kalgoorlie Primary
 Nulsen Primary
 Rawlinna Primary
 Salmon Gums Primary

Scaddan Primary
 Seventh Day Adventist
 (Esperance)
 South Kalgoorlie Primary
 St Joseph's (Boulder)
 Tjirrkarli Primary
 Walmsley Street (Esperance)
 Warakurna Primary
 Warburton Range Primary
 West Kambalda Primary
 Wingellina Primary
 Yintarri Primary (Coonana)

**Northern Outer Wheatbelt
Area (22)**

Beacon Primary
 Bencubbin Primary
 Bodallin Primary
 Burracoppin Primary
 Cadoux Primary
 Gabbin Primary
 Kalannie Primary
 Koorda Primary
 Kununoppin Primary
 Marvel Loch Primary
 Moorine Rock Primary
 Mt Hampton Primary
 Mt Walker Primary
 Mukinbudin District High
 Muntadgin Primary
 North Baandee Primary
 Nungarin Primary
 Southern Cross District High
 St Joseph's (Southern Cross)
 Trayning Primary
 Westonia Primary
 Wialki Primary

**Southern Outer Wheatbelt
Area (20)**

Borden Primary
Bremer Bay Primary
Fitzgerald Primary
Gairdner Primary
Gnowangerup District High
Hyden Primary
Jerramungup District High
Karlgarin Primary
Kukerin Primary
Lake Grace District High
Lake King Primary
Newdegate Primary
Nyabing Primary
Ongerup Primary
Pingaring Primary
Pingrup Primary
Ravensthorpe District High
South Stirling Primary
Varley Primary
Wellstead Primary

Correspondence Area (7)

Abrolhos Island
Camarvon School of the Air
Distance Education Centre
Kalgoorlie School of the Air
Kimberley School of the Air
Meekatharra School of the Air
Port Hedland School of the Air

Kimberley Area (33)

Bilir (Ngawiwu Catholic
(Halls Creek)
Billiluna Catholic
Broome District High
Cherrabun Primary
Cygnet Bay Primary
Derby District High
Djarindjin Lombadina
Catholic (Lombadina)
Doon Doon Primary
Fitzroy Crossing Primary
Glen Hill Primary
Gogo Primary
Halls Creek District High
Holy Rosary (Derby)
John Pujajangka Piyim
(Lake Gregory)
Kalumburu Primary
Koolan Island Primary
Kulkarriya Community
(Noonkanbah)

Kununurra District High
La Grange Primary
Looma Primary
Luumpa Catholic
Nulungu Catholic College
(Broome)
One Arm Point Primary
Oombulgurri Primary
Sacred Heart (Beagle Bay)
St Joseph's (Kununurra)
St Joseph's (Wyndham)
St Mary's (Broome)
Wangkatjungka Primary
(Christmas Creek)
Warlawurru Catholic (Halls
Creek)
Warmun Ngala Nganpum
(Turkey Creek)
Wyndham District High
Yiyili Aboriginal Com-
munity (Fitzroy Crossing)

Lower South West (16)

Chowerup Primary
Deanmill Primary
East Manjimup Primary
Frankland Primary
Kearman College (Manjimup)
Manjimup Education
Support Centre
Manjimup Primary
Manjimup Senior High
Nannup District High
Northcliffe District High
Pemberton District High
Quinninup Primary
Rocky Gully Primary
Seventh Day Adventist
(Manjimup)
St Joseph's (Pemberton)
Walpole Primary

Murchison Area (8)

Christian Brothers' Agricul-
tural (Tardun)
Cue Primary
Meekatharra District High
Mt Magnet District High
Sandstone Primary
Tardun Primary
Wiluna Primary
Yalgoo Primary

West Gascoyne Area (3)

Gascoyne Junction Primary
Shark Bay Primary
Useless Loop Primary

TOURISM - "THE WEEKEND HOLIDAY BOOK"

Advertising Space - Day Tour Operators

487. Hon P.G. PENDAL to the Minister for Consumer Affairs representing the Minister for Tourism:

- (1) Is there any reason why advertising space in the booklet "The Weekend Holiday Book" was not offered to day tour operators?
- (2) Will she give an assurance that such an opportunity will be afforded these operators if the booklet is reprinted?

Hon GRAHAM EDWARDS replied:

- (1) Research undertaken prior to the production of the booklet indicated that the consumer did not want the book to include direct advertising. The only advertisement included in the first edition of the book was the RAC because the same research indicated that the RAC was identified as a major source of information for the market segment seeking a motoring holiday.
- (2) The only advertising in the second edition will be for Shell, which has undertaken a co sponsorship role and, as with the first edition, Shell will serve as a distribution point through its metropolitan service stations.

TRANSPORT - RAILWAYS

"Indian Pacific" Railway - Passengers To and From Perth

488. Hon P.G. PENDAL to the Minister for Consumer Affairs representing the Minister for Transport:

- (1) Would the Minister advise the number of people travelling to Perth on the *Indian Pacific* railway each year for the past five years?
- (2) Would he advise the number of people travelling from Perth on the same train over the same time span?
- (3) Would he advise the percentage of berths available that were not filled, each year for the past five years?

Hon GRAHAM EDWARDS replied:

- (1) Details of people travelling on the *Indian Pacific* and trans-Australian trains to Perth are as follows -

	Berths	Sit-up
1983-84	31 776	6 432
1984-85	31 217	7 474
1985-86	35 439	10 870
1986-87	36 581	11 855
1987-88	37 767	12 723

- (2) Details of people travelling on the *Indian Pacific* and trans-Australian trains from Perth are as follows -

	Berths	Sit-up
1983-84	31 683	6 463
1984-85	31 800	7 421
1985-86	33 879	10 804
1986-87	35 028	11 833
1987-88	35 710	12 488

- (3) The percentage of berths available and not filled is as follows -

	Berths %	Sit-up %
1983-84	36	31
1984-85	33	28
1985-86	35	14
1986-87	35	13
1987-88	35	19

EDUCATION - PRIMARY SCHOOLS

Bellevue - Visiting Nurse

489. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Education:

- (1) Is the Minister aware that at the Bellevue Primary School the visiting nurse can only undertake treatment after the principal and his secretary vacate their office for this use?
- (2) If yes, what action does the Minister propose to take in this regard?
- (3) Will the Minister ensure, as an interim measure, that the school nursing facilities are not withdrawn from the pupils?

Hon KAY HALLAHAN replied:

(1)-(3)

The visiting nurse considers that there is no adequate place for screening and testing in the school. Those services have been withdrawn, but visits are still made for special purposes. Telephone consultations are also available. Extended administration facilities are listed for the school, pending fund availability.

EDUCATION - PRIMARY SCHOOLS

Bellevue - Classrooms, Staff

490. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Education:

- (1) How many permanent classrooms are located in the Bellevue Primary School?
- (2) How many full time teaching staff are based at the school?
- (3) How many temporary staff are employed at the school?
- (4) What is the intended staffing level of permanents and temporaries for the 1989 school year?
- (5) How many existing staff will be replaced prior to the commencement of the 1989 school year?

Hon KAY HALLAHAN replied:

- (1) There are four permanent classrooms and one preprimary centre.
- (2) The present full time staff is made up of the principal, five teachers and one preprimary teacher.
- (3) Six of the present teachers are on temporary staff.
- (4) Permanent teachers who have completed a period of country service and applied for a transfer have priority for metropolitan appointments. Vacancies remaining after this process is completed are filled by temporary teachers, keeping in mind the need for continuity in the school.
- (5) The number of present staff to be replaced will depend on the outcome of the process described in (4) above.

EDUCATION - PRIMARY SCHOOLS

Bellevue - Additional Classrooms, Resource Facilities

491. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Education:

- (1) When is it proposed to construct additional classrooms and resource facilities at the Bellevue Primary School?
- (2) Will they be completed for the school year commencing 1989?
- (3) If not, when will they be completed?
- (4) If the answer to (3) is no, how many demountables, excluding a preprimary centre, will be located on site for the 1989 school year?

Hon KAY HALLAHAN replied:

- (1) A preprimary centre and replacement student toilets are to be provided from 1988-89 funding. This will release one room for extra class purposes. Additional classrooms and a resource centre are being documented as a part of an ongoing program.
- (2) They will not be complete for the beginning of the school year.
- (3) During 1989.
- (4) The number of rooms to be provided will be in accord with projected enrolments. On present numbers there may be a need for one temporary classroom in 1989.

EDUCATION - PRIMARY SCHOOLS

Bellevue - Students, Remedial Assistance

492. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Education:

- (1) How many children at the Bellevue Primary School are receiving remedial assistance?
- (2) Is the number of pupils at a normal level?

Hon KAY HALLAHAN replied:

- (1) Remedial assistance to children in schools is frequently provided by the regular class teacher as part of the normal educational program. However, in the case of Bellevue, the principal has chosen to deploy the Ministry's allocation of teaching staff in such a way that several remedial groups have been formed with a total of 22 students receiving direct remedial assistance for short periods each day.
- (2) A number of the students at Bellevue are from disadvantaged homes and this may be a factor in Bellevue having a marginally greater number of students in need of remediation than in other schools.

EDUCATION - SEXUAL HARASSMENT REFERRAL OFFICERS

Appointments

493. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

- (1) How many sexual harassment referral officers have been appointed by the Ministry of Education?
- (2) Are these officers paid to carry out their duties and, if so, how much?
- (3) What has been the cost, so far, of training these officers?
- (4) How many complaints of sexual harassment have been made to these officers since the program began?

Hon KAY HALLAHAN replied:

- (1) Eighty eight senior harassment contact officers have been appointed by the ministry. This is in accordance with the sexual harassment policy and grievance procedures for ministry staff.
- (2) These officers, teachers and general staff are paid employees of the Ministry of Education. Contact officers are not paid additional allowances.
- (3) One hundred and twenty officers were trained from which the 88 were duly appointed. The cost of training was approximately \$40 000. These costs comprise travel, accommodation where necessary, teacher relief, seminar facilities and resource materials.
- (4) Sexual harassment contact officers were appointed on 10 October 1988. A monitoring process for numbers of contacts is in place. Data is to be collected at three monthly intervals. The first collection is forecast for December 1988. In the two weeks following the appointment of contact officers, two cases

have been informally reported to the equal employment opportunity coordinator, although there could have been other complaints received.

PRISONS - PRISONERS, WOMEN

Convictions - Social Security Fraud

494. Hon G.E. MASTERS to the Minister for Corrective Services:

Will the Minister advise how many women, presently in Western Australian prisons, are serving sentences for conviction of social security fraud?

Hon J.M. BERINSON replied:

See answer to question 458.

ROADS - MOUNTS BAY ROAD

Swan Brewery Site - Reconstruction Costs

495. Hon P.G. PENDAL to the Minister for Consumer Affairs representing the Minister for Transport:

Will the Minister detail all projected costs in relation to -

- (a) the road realignment and reconstruction;
- (b) any sewer and/or water pipe replacement and/or realignment or relocation;
- (c) all rebuilding; and
- (d) any other costs

at or near the site of the old Swan Brewery in Mounts Bay Road?

Hon GRAHAM EDWARDS replied:

The budgeted costs associated with the redevelopment of the old Swan Brewery site for works currently approved are -

- (a) \$1 171 000;
- (b) \$290 000;
- (c) \$11 659 000; and
- (d) included above.

Note that some of these costs will be recovered from the private sector.

EDUCATION - MINISTRY POLICY

Government Schools - Reduced Cleaning Hours

496. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

- (1) Is it a general policy of the Ministry of Education to reduce cleaning hours at Government schools and, if so, why?
- (2) Which schools have either had the number of cleaning hours reduced or are about to have them reduced, and what is the reason in each case?

Hon KAY HALLAHAN replied:

(1)-(2)

The Ministry of Education is progressively implementing a new cleaning system in schools which are cleaned by day labour. In most cases this has involved a reduction in hours. This scheme promotes efficiency and economy with no reduction in cleaning standards. More than half of the schools in the State have been converted to this system.

EDUCATION - PRIMARY SCHOOL

Warwick - Asian Students

497. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

- (1) Is it correct that in 1989 Asian students will be brought to the Warwick Primary School on a daily basis by bus?

- (2) If so, how many Asian students will this involve?
- (3) What is the purpose in bringing these students to the Warwick Primary School?
- (4) Is it correct that these Asian students will, after a period of time, have the option to continue their education at Warwick Primary School?
- (5) If so, what period of time is involved before the students will be permanently enrolled at Warwick Primary School?

Hon KAY HALLAHAN replied:

- (1) The Ministry of Education is committed to assisting non-English speaking students both in primary and secondary schools. As part of this commitment, language centres are established when needed and where facilities are available. Preliminary discussions have been held regarding the establishment of an intensive - English - language centre at Warwick Primary School for non-English speaking children who reside in the northern suburbs. The method of transport has not yet been determined.
- (2) It is not known yet how many migrant children will be involved.
- (3) The purpose of the centre is to provide non-English speaking children with an intensive course in English for a period of up to 12 months.
- (4) All Western Australian parents may apply to have their children enrolled at a Government school, irrespective of their country of origin.
- (5) It is unlikely that many of the children will enrol permanently at Warwick Primary School, unless they reside near the school.

MINERALS - TiO₂ CORPORATION

*Mineral Sands Project, Muchea - 2 Dry Mill, Synthetic Rutile Plant
Approval*

498. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Environment:

I refer to the mineral sands company TiO₂ which intends to develop a mineral sands project at Muchea.

- (1) Will approval be given for the construction of a mineral sands dry mill and synthetic rutile plant within the next month?
- (2) If no, what is the reason for the delay and when can approval be anticipated?
- (3) What impact, if any, will the plant have on the tributaries Chandala and Ellen Brooks and the Swan River environs?
- (4) Is there any further proposal in later stages to mine in the Muchea area?
- (5) What are the anticipated daily water requirements for the completed project and the proposed method of effluent disposal?
- (6) What contingency plans will be made to neutralise flooding on the wet land where the plant will be constructed?

Hon KAY HALLAHAN replied:

(1)-(3), (5)-(6)

There are currently appeals on this matter; therefore, it is not appropriate for me to comment further. The Environmental Protection Authority has not yet reported on the synthetic rutile plant.

- (4) There is no proposal from TiO₂ to mine at Muchea.

INDUSTRIAL DEVELOPMENT - HANCOCK PROSPECTING LTD
Refinery Project, Upper Swan - Withholding Approval

500. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Environment:

I refer to a proposed refinery to be constructed in Upper Swan by Hancock Prospecting Ltd in the last decade.

- (1) On what basic grounds was approval withheld for this project?
- (2) Was the Gngara water resource mound to be utilised if this project was to proceed?

Hon KAY HALLAHAN replied:

(1)-(2)

I am not aware of such a proposal within the last decade.

QUESTIONS WITHOUT NOTICE

SPORT AND RECREATION - FOOTBALL

Future - Government Involvement

246. Hon E.J. CHARLTON to the Minister for Sport and Recreation:

I refer to the statement which the Minister made a couple of weeks ago about the Government's involvement - I would not call it a rescue - in the future of football in Western Australia. Would the Minister comment on the latest position?

Hon GRAHAM EDWARDS replied:

I will be happy to provide a letter to all members of Parliament about this matter. I will need a couple of days until I have had some formal feedback from the Eagles and the WAFL. As soon as I have received that, I will send out a letter which will clearly set out what we are trying to do. We are not attempting to bail out or rescue football, because it has to do that for itself. We are attempting to help the Eagles and the WAFL as they move towards looking after their own problems. The State Government has indicated it is prepared to contribute a one-off amount of \$100 000 towards the establishment of a football commission, which will ultimately be responsible for professional football in this State. We are prepared, in addition, to guarantee an amount of up to \$250 000 per year for three years to ensure the continuation of the football development trust. We will be putting money into these two areas in an endeavour to ensure that the football commission gets up and running and to guarantee the good work being done across the State by the football development trust. The football organisations have put forward a proposal to look after their own financial problems, and the Government is prepared to work with them as they do that.

SPORT AND RECREATION - FOOTBALL

Future - Government's Consultations

247. Hon E.J. CHARLTON to the Minister for Sport and Recreation :

Has the future of country football been taken into account during the Government's consultations?

Hon GRAHAM EDWARDS replied:

I have had discussions with a lot of people who have a healthy interest in country football. It is proposed to establish an advisory committee which will run parallel with the Western Australian football commission, and which will have representation on it from people involved with country football. I hope that the structure we are moving towards will look after the needs of football across the State to enhance, encourage and improve it.

FAMILIES - FAMILY CENTRES

State Government Insurance Commission Financing - Assurance

248. Hon P.G. PENDAL to the Minister for Community Services:

Is the Minister confident that she will be able to give an unequivocal

assurance to the House that none of the proposed family centres which are to be financed by SGIC's profits will be interrupted as a result of the events of recent days?

Hon KAY HALLAHAN replied:

Yes.

STATE GOVERNMENT INSURANCE COMMISSION - STATE FINANCE
Assistance - Provision

249. Hon G.E. MASTERS to the Minister for Budget Management:

Has the Minister made, or is he prepared to make, any provision in the State Budget for any difficulties that the SGIC might run into - bearing in mind that the SGIC is a Government instrumentality, underwritten by the Government of the day - in the event that some financial assistance might be required?

Hon J.M. BERINSON replied:

No such provision has been made, and given the healthy state of the SGIC in respect of its regular business and investment activities, I would not expect a provision to be required. Nonetheless, the State Government stands behind the SGIC, and support will be made available in due course if the need emerges. I might add that would be given without having any undue impact on the ordinary operations of State services, and would be accommodated within ordinary budgetary measures.

INDUSTRIAL DEVELOPMENT - PETROCHEMICAL PROJECT
Investment - Confidence

250. Hon G.E. MASTERS to the Minister for Budget Management:

Does the Minister have every confidence in the investment of \$175 million in the petrochemical project, and can that be accommodated comfortably in the State Budget without having to increase taxes?

Hon J.M. BERINSON replied:

The details of that investment have been provided to the Parliament, and if the Leader of the Opposition wants further details on any aspect I would be happy to refer his question to the responsible Minister. There is no doubt that, far from being a burden on the State, that investment holds the prospect of making a significant contribution to the welfare of the State. The project - as the Premier has said - represents the largest single investment in this State outside of the North West Shelf gas project. It has a huge potential in terms of employment opportunities and will have direct and indirect economic benefits for the State. It is a project of such magnitude that it offers great potential benefits to the national economy in terms of the extent to which its income will avoid import costs and provide substantial export income to the nation.

INDUSTRIAL DEVELOPMENT - PETROCHEMICAL PROJECT
Investment - Assets

251. Hon G.E. MASTERS to the Minister for Budget Management:

I ask the Minister, because he knows so much about this matter, whether he would be prepared to give the House an indication of the assets that are available as a result of the Government's investment of \$175 million in a company called PICL - and I think that is an appropriate description?

Hon J.M. BERINSON replied:

I do not claim to know so much about it, or even very much about it. I have not put anything to the House that the Leader of the Opposition would not have known before I said it, because it has all come from the public record. I repeat my invitation to the Leader of the Opposition that questions on these matters should be put to the responsible Minister in the ordinary way.

Hon G.E. Masters: You made a long speech just now about "all you knew about it".

The PRESIDENT: Order!

Hon G.E. Masters: You duck and dive.

Hon J.M. BERINSON: The position is as I have indicated. My earlier comments to the House were from the public record. I do not expect them to be news to the Leader of the Opposition but I thought I may as well refresh his memory of what he ought in any event to have known. Now he is moving into more detailed questions and I have to say that these are questions which must be put to the responsible Minister because I cannot be expected to be aware of the details of the portfolios covered by my 16 ministerial colleagues.

WESTERN COLLIERIES LTD - COAL DEAL
Minister for Budget Management - Consultations

252. Hon G.E. MASTERS to the Minister for Budget Management:

I hope the Minister's convenient memory is able to cope with this question. Was he consulted on the \$15 million Western Collieries Ltd coal deal in his capacity as Minister for Budget Management, as it must have some future effect on budget management, or in his capacity as a senior Minister and the second most important financial adviser to Government?

Hon J.M. BERINSON replied:

I was not involved in any negotiations regarding the advance purchase of coal and questions on that matter should be directed to the Minister for Economic Development and Trade. Although the Leader of the Opposition refers to Budget implications I am not aware of any Budget implications or why any should arise. So far as I am aware, again from public statements by the Minister for Economic Development and Trade, the purchase to which the Leader of the Opposition referred was in the course of the commercial relationship between SECWA and Western Collieries Ltd. As it happens, that is a matter which is the subject of comment in the Premier's statement which I was in the course of giving before question time interrupted, and to which I will return at the completion of question time.

SPORT AND RECREATION - SWIMMING
World Swimming Body - Superdrome Extensions Approval

253. Hon MAX EVANS to the Minister for Sport and Recreation:

- (1) Has the world swimming body approved the extensions to the Superdrome?
- (2) If so, what is the extent of those extensions?

Hon GRAHAM EDWARDS replied:

(1)-(2)

As I understand it, the extensions to the Superdrome are acceptable to the world swimming body and they basically contain an additional warm-up pool and an additional pool which may be used for water polo or synchronised swimming. The programming is ongoing and is being attended to at the moment.

SPORT AND RECREATION - SWIMMING
Superdrome Extensions - Seating

254. Hon MAX EVANS to the Minister for Sport and Recreation:

Are there any further extensions relating to seating arrangements?

Hon GRAHAM EDWARDS replied:

Yes, there will be some temporary seating that goes hand in hand with the development of the warm-up pool outside the main Superdrome enclosure. It may well be that in the final analysis the indoor pool is used as a warm-up pool and the outdoor pool is used for the major competition. These things are being addressed at the moment and I would be happy to convey that information to the member when it becomes available.

SPORT AND RECREATION - SWIMMING

Superdrome Warm-up Pool - Seating, Cost

255. Hon MAX EVANS to the Minister for Sport and Recreation:

If the outside pool is used as the warm-up pool, I presume extra seating arrangements will not be required out there. What will be the cost of the pool and the seating arrangements?

Hon GRAHAM EDWARDS replied:

If the outdoor pool is used as a warm-up pool we will not put seating in there. However, if it is to be used as a major pool and the indoor pool as a warm-up pool we will require seating outside. The amount we have set aside in the Budget is about \$3.6 million.

SPORT AND RECREATION - SWIMMING

Superdrome Extensions - Facilities

256. Hon MAX EVANS to the Minister for Sport and Recreation:

That cost seems to me to be a little low. Will it include toilet blocks and changing facilities for the large world championships? The present facilities appear inadequate for that. Will temporary facilities be installed?

Hon GRAHAM EDWARDS replied:

I am not aware of the finer details, except to say that within that budgeted amount we have attended to those problems or issues that from time to time may arise. That would include the capacity to cater for the crowds that we may well, and indeed do, expect to support what will be a very popular world ranking event at a very popular world ranking stadium.

SPORT AND RECREATION - SWIMMING

Superdrome Pool - Long Term Usage

257. Hon MAX EVANS to the Minister for Sport and Recreation:

What will be the eventual long term usage of the pool? Will it be open in both summer and winter; will it be heated in winter; and what will be the ongoing costs per annum?

Hon GRAHAM EDWARDS replied:

I have not ascertained the ongoing costs, but it will be maintained all year round and will be used to the ongoing benefit of recreational and competitive swimmers in the State.

COURTS - CHILDREN'S COURT

Establishment - Timing

258. Hon E.J. CHARLTON to the Minister for Community Services:

Bearing in mind the apparent increase in juvenile crime, could the Minister give an indication of what stage the setting up of the Children's Court has reached?

Hon KAY HALLAHAN replied:

The annual report was tabled today and I think the honourable member would find from the report that there has actually been a slight decrease in the statistics with regard to juvenile crime. I say that for his information. As members will remember, the Bill passed through this House and is currently on the Notice Paper in the Legislative Assembly, so we are awaiting the passage of the Bill through that House before moving to the establishment of the court, the office of the president, for example, and the gazettal of the Bill.

Hon E.J. Charlton: Do you know how long it will take?

Hon KAY HALLAHAN: No, I am afraid I cannot tell members how the business is going on the Notice Paper in another place. I understand legislation is moving very slowly through that House because there has been a concentration on the Budget and associated papers.

ROTHWELLS LTD - ATTORNEYS GENERAL
Discussions - Special Investigator

259. Hon A.A. LEWIS to the Attorney General:

Has he at any time in the last 10 days had conversations with the Federal Attorney General or the Queensland Attorney General about putting in a special investigator in what is known as the Rothwells affair?

Hon J.M. BERINSON replied:

I have had a discussion with the Federal Attorney General but not with any view of appointing a special investigator, and I have had no discussions with the Queensland Attorney General although I did attempt to call him on a quite unrelated issue.

ROTHWELLS LTD - STATE GOVERNMENT
Deals - Disclosure

260. Hon G.E. MASTERS to the Minister for Budget Management:

- (1) Is the Government prepared to make a full and complete disclosure of all deals with Rothwells now business confidentiality no longer applies?
- (2) If so, when?

Hon J.M. BERINSON replied:

(1)-(2)

My understanding is that the Premier's statement on disclosures and accountability, and especially the support which the Government offers in advance to the outcome of the provisional liquidator's report, covers this question. That is not looking to any far removed or stretched out timetable. The liquidator, I understand, is due to report within three or four weeks - I am not sure of the exact date - and the Premier has indicated the full support that will be given to any matters arising from that report.

ROTHWELLS LTD - ATTORNEY GENERAL
National Companies and Securities Commission - Special Investigator

261. Hon MAX EVANS to the Attorney General:

With respect to his previous answer to Hon A.A. Lewis' question, we have previously applauded the Attorney General for his support of the independence from the National Companies and Securities Commission. Does he not think he would be abrogating his independence of the NCSC if the Federal Attorney General moved to investigate it? Should he not be appointing an investigator himself?

Hon J.M. BERINSON replied:

I do not quite follow the reasoning of this question. The National Companies and Securities Commission is a creature of the cooperative scheme. It contemplates the appointment of special investigators in a number of ways, and all of these are within the provisions of the Act as agreed to by the participants, including this State.

ROTHWELLS LTD - ATTORNEY GENERAL
Federal - Special Investigator Appointment

262. Hon MAX EVANS to the Attorney General:

Does the Attorney not believe that, if the Federal Attorney General under a section of the Act appointed an investigator, he would be backing away from his responsibility in this State?

Hon J.M. BERINSON replied:

I would like to clarify my answer to a question from Hon A.A. Lewis, as some subsequent questioners may have misunderstood it. When I said that my discussion with the Federal Attorney was not directed to the appointment of a

special investigator, I was really intending to indicate that, although we discussed the proposal to that effect that had emerged from various quarters, we were not speaking in terms of such an appointment, or of one or other of us doing that.

Coming directly now to Hon Max Evans' question, I would not regard the appointment of a special investigator by the Federal Attorney as an intrusion into State affairs if it was on the basis of circumstances provided by the legislation for the Federal Attorney to act, namely where a public interest Commonwealth-wide was involved. Frankly, I would be surprised, notwithstanding the size of the Rothwells operation, if that was the sort of situation envisaged in the provision. In fact, now that the question has arisen, we start to get an understanding of why such an investigation has never been requested by the Commonwealth, because it is difficult to come across situations where if special investigation was warranted it would not be requested from a different level.

ROTHWELLS LTD - NATIONAL COMPANIES AND SECURITIES COMMISSION
Attorney General - Investigation Advice

263. Hon MAX EVANS to the Attorney General:

Was the Attorney advised by the National Companies and Securities Commission when it commenced investigations into Rothwells last year?

Hon J.M. BERINSON replied:

I have been advised from time to time of the interest which the National Companies and Securities Commission has taken in Rothwells. That sort of advice, however, is not of a detailed nature. Indeed, I would not want it to be of a detailed nature. Nonetheless, I knew that the NCSC, for example, had imposed requirements for an especially stringent audit on Rothwells, set a timetable and subsequently extended the time. Personally, I am not advised of the detailed nature of the NCSC's interest or of the results of investigations. It is simply on the basis that it was interested in Rothwells and, in particular, in recent months was interested to ensure that the audit of the annual accounts was done on a very thorough and stringent basis.

ROTHWELLS LTD - NATIONAL COMPANIES AND SECURITIES COMMISSION
Attorney General - Investigation Discussions

264. Hon MAX EVANS to the Attorney General:

Knowing that the National Companies and Securities Commission was interested does the Attorney not think it would have been prudent to discuss those findings in detail? Perhaps if the Attorney had been better informed he might have been able to make other decisions.

Hon J.M. BERINSON replied:

It would be most undesirable, in my view, to confuse the respective roles of the National Companies and Securities Commission in its investigatorial duties and my own role. It is up to the NCSC to take an interest in a whole range of companies which are involved in activities in this country. I have no reason to be made aware of either the nature of the investigations in detail or of the findings, unless something emerges from the investigations which requires action. In most cases that would require action directly by the commission, and it has been very active in that respect. I do not have the sort of prosecutorial function, for example, which the commission has when dissatisfied with the findings of an investigation. So I believe it is quite important not to confuse the respective roles of the NCSC and members of the Ministerial Council.

ROTHWELLS LTD - SECURITIES DEALER'S LICENCE
Corporate Affairs Department - Issuing

265. Hon NEIL OLIVER to the Attorney General:

Was Rothwells' securities dealer's licence issued by the Western Australian Corporate Affairs Department prior to the withdrawal of the licence?

Hon J.M. BERINSON replied:

I would not know. If the member cares to place the question on notice I would be happy to respond.

NATIONAL COMPANIES AND SECURITIES COMMISSION - ATTORNEY GENERAL

Investigations - Direction

266. Hon G.E. MASTERS to the Attorney General:

Is it correct that any State Attorney General can direct the National Companies and Securities Commission to arrange an investigation into a body such as Rothwells, or any other matter an Attorney may consider important at any time?

Hon J.M. BERINSON replied:

This question seems to be calling for a legal opinion.

Hon G.E. Masters: No, it is not.

Hon J.M. BERINSON: It is, because it is looking for a statement on the effect of the code. Nonetheless, the question is so straightforward I have no problem with indicating that on my understanding of the question, the answer is yes.

ROTHWELLS LTD - INVESTIGATIONS
Similar Situations - Occurrence

267. Hon G.E. MASTERS to the Attorney General:

I refer to an answer which the Attorney gave to Hon Max Evans when he said that such investigations had never been made before. Does the Attorney believe a similar situation to that which exists at the moment has not occurred anywhere in Australia before?

The PRESIDENT: That question is asking for an opinion, and it is out of order.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT
Financial Dealings - Consultations

268. Hon G.E. MASTERS to the Minister for Budget Management:

Is the Minister consulted on all financial dealings which are likely to have an effect on Budget management?

Hon J.M. BERINSON replied:

No. I add to that the repetition of the comment I have made on many occasions previously; namely, that the question indicates a misunderstanding of the role of the Minister for Budget Management.

ROTHWELLS LTD - SECURITIES DEALER'S LICENCE
Withdrawal

269. Hon NEIL OLIVER to the Minister for Budget Management:

In respect of Rothwells bank, and the aftermath of the events of October last year, was the securities dealer's licence withdrawn or was it surrendered, and was the Minister involved in any way with that event?

Hon J.M. BERINSON replied:

I would have to rely on memory, which I will not do. This is a straightforward question of fact, and one with which I would not have been

directly involved, although knowledge of the events would have been available to me. Therefore, I ask the member to put this question on notice as well.

ROTHWELLS LTD - GOVERNMENT GUARANTEE

Clark, Mr Nobby, "Alive" Claims - Advice

270. Hon G.E. MASTERS to the Minister for Budget Management:

I refer to discussions that have already taken place in the debate earlier on, but this needs to be put in the form of an answer to a question.

In view of the report in which Mr Nobby Clark, the man in charge of the National Australia Bank, was reported as saying that the \$150 million guarantee was still alive, has the Government sought further advice and, if so, what is the result of that advice?

Hon J.M. BERINSON replied:

I have certainly not sought advice on that question in any of my ministerial roles.

POLICE - MOTOR VEHICLES

Theft - Location Commendation

271. Hon H.W. GAYFER to the Minister for Community Services representing the Minister for Police and Emergency Services:

The Minister will be well aware of my criticism of the Police Force at various times in this House, I am sure. She will probably not be aware that my car was stolen during the night, or of the commendation I would like to extend to the Police Force for the quick manner in which it located the vehicle - almost complete. Would she please pass on my commendation to the Police Force?

Hon KAY HALLAHAN replied:

I was unaware of those events. I am happy to convey the message to the Minister for Police and Emergency Services.

The PRESIDENT: Order! Hon H.W. Gayfer and the Minister were both out of order.
