Legislative Council

Tuesday, 27 October 1987

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

LAW REFORM COMMISSION REPORTS

Ministerial Statement

HON J.M. BERINSON (North Central Metropolitan -- Attorney General) [3.33 pm] -- by leave: In September 1985, I reported to this House on the Government's position in respect of the implementation of reports by the Law Reform Commission. I now take the opportunity to update that advice.

When this Government came to office in February 1983, it inherited a backlog of over 25 commission reports which had built up over 10 years. Within two and a half years, that backlog was reduced by nearly one half, with 11 of the outstanding reports translated into legislation.

Since then, legislative action has been taken to implement a further three of those reports as follows --

> Report No 1, Part III, Protection for Purchasers of Home Units, reflected in the Acts Amendment (Strata Titles) Act 1985;
>
> Report No 21, Associations Incorporation Act, reflected in the Associations Incorporation Bill 1987; and
>
> Report No 27, Admissibility in Evidence of Computer Records, reflected in the Evidence Amendment Bill 1987.

The Government has also adopted, in whole or part, another five reports that were outstanding in February 1983 and drafting of legislation has been approved. The reports are --

> Report No 32, Immunity of Suit between Spouses;
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> Report No 33, Dividing Fences;
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> Report No 49, Suitors Fund Act;
>
> Report No 51, Unclaimed Moneys; and
>
> Report No 55, Part I, Appeals from Courts of Petty Sessions.

Since February 1983, the commission has submitted a further eight reports. Of those, Report No 44, Alteration of Ground Levels, is likely to be implemented through a national building code. Two others have resulted in legislation --

> Report No 76, Part I, Wills, Substantial Compliance, is reflected in the Wills Amendment Bill 1987 which is awaiting assent; and
>
> Report No 34, Part V, Trustees' Powers of Investment, is reflected in the Trustees Amendment Bill 1987, which is currently before this House.

In addition, the Occupiers Liability Act 1985 was implemented following an informal working paper prepared by the commission. Preparation of legislation has commenced in respect of a further three of the new reports --

> Report No 34, Part IV, Recognition of Interstate and Foreign Grants of Probate and Administration;
>
> Report No 81, Pawnbrokers' Act; and
>
> Report No 26, Part II, Administrative Decisions and Judicial Review.

The remaining two reports, Report No 55, Part II, Courts of Petty Sessions; and Report No 80, Problem of Old Convictions; are under active consideration. I propose to give special priority in 1988 to the expunction of old criminal records. It is important that blameless behaviour over a lengthy period following an earlier offence should be encouraged and acknowledged.

We are now in a position where 70 per cent of Law Reform Commission reports which called for legislative change have been implemented. Of the remaining reports, a substantial number await completion of the drafting process.

As was evident from reports to the recent conference of Law Reform Commissions in Perth, this record of implementation is by far the best in this country. In the face of economic exigencies and other factors, other Governments in Australia have re-examined their support for Law Reform Commissions. Some have been or are likely to be abolished. There is no prospect of the Western Australian Government adopting that course. We remain strongly committed to law reform and the usefulness of the commission process in appropriate areas.

On behalf of the Government I acknowledge and express appreciation to both past and present Law Reform Commissioners and their staffs, and to the staff of the Crown Solicitor and Parliamentary Counsel for their associated work. The Government will continue to reduce the backlog of Law Reform Commission reports and to pay prompt attention to new reports as they emerge.

QUESTIONS ON NOTICE

Daily Publication

THE PRESIDENT (Hon Clive Griffiths): I wish to advise that due to difficulties being experienced with the new system in the Hansard office, questions and answers on notice will be published daily as a separate document for the remainder of this session.

This is a temporary measure. Steps will be taken to overcome the problem prior to the commencement of the 1988 sittings. In the meantime, questions without notice will continue to be published in the daily *Hansard.*

MIDLAND ABATTOIRS LAND SALE

Issues: Motion

HON NEIL OLIVER (West) [3.40 pm]: I move --

That the Government has failed --

1. to preserve and protect the viability and future of the Midland region;
2. to act on evidence placed before it in regard to the impropriety of the sale of the Midland Saleyards and Abattoirs;
3. to act to protect witnesses and potential witnesses from subornment and harassment;
4. to investigate hard evidence of misleading and false evidence by witnesses to parliamentary inquiries;
5. to consult community interests in respect to effects on their business and residential environment;
6. to recognise that the entire sale is a web of impropriety, connivance and improper activities;
7. to demonstrate any sense of public responsibility in regard to the evidence placed before the Parliament by the community;
8. to act in the interests of the community at large and therefore on this issue alone stands condemned and is unworthy of the public's trust.

What on earth is this Government trying to hide in the Midland abattoirs deal? Why is this Government and its Minister for Agriculture prepared to mislead Parliament and every Western Australian to defend an indefensible sale? Do the principal players have information which could sink the Burke Government? Indeed, can there be any other explanation for the Government's contemptuously completing the sale against the wishes of the rural sector, against the wishes of its own Midland Saleyards Liaison Committee, and against the residents of the Midland-Guildford region, and before the Government-dominated Select Committee inquiry into the sale had been able to report to the House? There can be no other explanation. Someone has the Burke Government scared stiff, and the Government has no option but to continue with this saga of a corrupt deal.

The Government has been severely embarrassed by this whole unsavoury business and has had every opportunity to overturn the deal to save its face but has failed to do so. When it was fraudulently stated that three prominent businessmen were directors, when in fact they were not, the Government could have pulled out. When it was revealed that the Minister for Agriculture had signed the sale document without any authority whatsoever, and that the sale document was worthless and unenforceable, the Government could have pulled out. However, it proceeded full steam ahead.

This Legislative Council appointed a Select Committee which stated --

> The Committee has concluded that the Government's persistent secrecy, and failure to consult vitally interested parties, has resulted in action being taken which is contrary to the public interest.
>
> In the course of its inquiry not all facts were disclosed and this failure to disclose information causes the Committee to suggest to the Government that it provides grounds for instituting its own judicial inquiry into the circumstances surrounding the disposal of the Saleyards.

I was very pleased to note that *The West Australian* supported the decision of the committee of this House. The lead article on page eight of *The West Australian* on Thursday 16 October, under the heading "Midland saga" stated --

> The long-running controversy over the sale of the Midland Abattoirs site has taken so many political twists and turns that most West Australians have given up trying to keep track of it.

It stated further --

> From the outset, the major public concern in the sale of the abattoirs site to Prestige Brick has been whether or not the Government got value for money from the deal.
>
> Obviously, that question will not be answered to everyone's satisfaction unless it is taken out of the political arena and given to an independent inquiry.

I move this motion today because of the continued and increasing concern of the public at the proposed development of the Midland abattoirs and saleyard site. On 8 October the following article appeared in *The West Australian* under the heading "Brick row writ issued" --

> A writ has been issued by Guildford residents and a school to stop the building of brickworks on the Midland abattoir site.
>
> The writ was issued in the Supreme Court yesterday against Pilsley Investments Pty Ltd, which trades as Prestige Brick.

It continued --

> They will also apply to the Supreme Court to include the Swan Shire Council in the writ.
>
> Prestige Brick must get a building licence from the Swan Shire before it can start building the brickworks.

It is interesting to read the writ, which for the benefit of members is also outlined in the report of the Select Committee, which dealt with the divergence from town planning procedures and the manner in which they should be followed in accordance with appropriate legislation. I quote as follows --

> The grounds upon which the Writ has been issued all relate to an allegation that the Shire, when issuing the development approval, failed to comply with the requirements of Shire of Swan Town Planning Scheme No.9. In particular, the Statement of Claim alleges that --
>
> (1) The Council improperly approved development on land then zoned Rural.
>
> (2) The Council improperly granted approval to development on land shown as Regional Reservation on the Scheme.
>
> (3) The Council failed to require the preparation of an outline development plan for so much of the site within the Industrial Development Zone.

(4) The Council failed to advertise the development application in accordance with the Scheme and failed to give notice to affected owners and occupiers in the locality.

(5) The Council failed to properly consider all submissions made in respect of the development application, including those submissions made in respect of the first development application made in May 1986 by Prestige Brick.

(6) The Council failed to have due regard to the amenity, environmental and other planning issues arising out of the proposed development, as required by the Scheme.

I draw members' attention to those recommendations and the similar conclusions drawn by the Legislative Council committee, based on the evidence placed before it.

This matter also goes further; a plea has been made to Premier Burke by Midland residents who have written asking that the State Government move the proposed brickworks from the Midland abattoirs site. The letter reads as follows --

Hon Brian Burke, MLA,
Premier of Western Australia,
Premier's Department,
Capita Centre,
197 St Georges Terrace,
Perth WA 6000.

Dear Mr Burke,

Ref: PETITION OPPOSING THE CHOSEN SITE FOR BRICKWORKS IN MIDLAND.

We the undersigned representatives of the Midland Districts Group have the honour to present to you on behalf of the people of Midland a petition signed by nearly 2,500 residents opposing the siting of the proposed brickworks of the Midland Abattoir site.

In this case, its purpose is NOT to oppose the building of a brickworks on an appropriate site, but to oppose the building of it on the site chosen.

We represent the outrage of the people of Midland that a toxic waste producing industry is proposed to be built, with Government approval, so close to a growing town and its residential areas, and that the waste-emitting chimney stack is now to be sited 130 metres closer than originally planned.

Our outrage has grown from recognition that our reasonable expectations of fair play by the Government have not been realised despite ample evidence of public dissent.

As we see it now, the Government has chosen to turn its back on a community in order to specially favour an Industry despite a remarkable range of evidence that the location chosen was unacceptable to the community.

We also see that too many of our Parliamentary representatives did not stand up for what we believed the electorate wanted, no brickworks on the old abattoir site. We feel our Shire Council has been an inadequate defender of the community's needs.

It is for this reason that we have been driven as citizens to taking steps to make public dissent more deeply and widely felt, and to take actions designed to force decision making into new directions which show respect for the rights of the people.

Last week, we issued a writ against the proposed brickmakers --

Seeking a declaration from the Supreme Court that the development approval granted to them by the Shire of Swan on 28th July 1986 is invalid and has no force or effect; and

Seeking an injunction restraining the proposed brickmakers from taking any action on the basis of such approval.

Today, we present our peoples petition to bring home to the Government that people can be driven to revolt against what appears to be a disregard of their rights, their health, and their wishes for their community.

Now that we have been aroused by outrage at the way our community is being treated, other issues raised in the future can be tackled.

However, the brickworks issue remains dominant --

> Firstly, because of the manner in which the peoples interests have been trampled in favour of private interests;
>
> and
>
> Secondly, because we are not prepared to see our community environment degraded by the noxious waste emissions or the activities of an industry that is not acceptable in its chosen location.

We strongly urge the Government to take appropriate steps to have the proposed brickworks properly located in a site where it will enhance the development of the community and not degrade it.

This petition is a plea from 2 500 residents of that area; many of them are second and third-generation residents; and some of them are over 75 years of age. These people are concerned about their environment. They did not petition this Parliament, which they could have done -- and members know how often petitions come before this Parliament -- they petitioned the Premier of Western Australia because by so doing they saw a possibility of having their case heard fairly.

The *Daily News* of Friday, 16 October 1987, under the headline, "Burke in new row on brick works" reports the answer which these people received as follows --

> A MEETING between Premier Brian Burke and irate residents has left the Midland Abattoirs brickyard issue as vexed as ever.
>
> A residents' spokesman insists that Mr Burke undertook to call the project off if they could prove that the environmental report for it was inaccurate.
>
> The Premier says with equal force that the only assurance he made was that he would review any information they gave him.
>
> The spokesman says Mr Burke clearly told them that the Swan Shire Council could stop the project if it wished.
>
> Told this yesterday Mr Burke replied: "I said nothing about that."

We have here an example of fair, honourable citizens approaching the Leader of our Government in a proper and ethical manner, and obtaining assurances, and then being told that they have been making false statements, thereby subjecting them to all of the circumstances that have been heaped upon members of this House and witnesses before Select Committees and people who would have given evidence but were suborned and stood over so that they did not give their evidence. The evidence placed before this Government is overwhelming, and it is self-evident that the project in its current location is contrary to the public interest. Information prepared for the Government and the advice the Government has received, has proved to be false and misleading as a result of people acting either recklessly or fraudulently.

On Wednesday, 24 June I introduced the following motion into this House --

> That --
>
> (a) the Attorney General be requested, and is hereby so requested, to investigate whether evidence given by Messrs R Ryan or P Ellett in the course of an inquiry by a select committee of this House into the disposal of the Midland Saleyard discloses the committing of an Act constituting one or more of the offences under sections 57 and 58 of the Criminal Code and that if he is satisfied that such an offence has been committed, he institute proceedings against that person or persons pursuant to section 15 of the Parliamentary Privileges Act 1891;
>
> (b) in any event, the Attorney General report the result of his investigation to the House.

Today is 27 October, and this motion, which was adjourned by Hon Fred McKenzie, is languishing on the Notice Paper, with little chance of ever being debated in this House, yet over the past three weeks this Parliament has been adjourned for entire designated sitting days on which it was proclaimed that the Parliament would sit, and it has been adjourned

earlier than the normal times at which this House was set to adjourn, due to the Government's inability to plan its agenda.

Hon Fred McKenzie: I can assure you it will be debated.

Hon NEIL OLIVER: The member will have a chance to have his say later, and I hope this debate will not be adjourned like the previous debate was adjourned. I hope that Hon Fred McKenzie will stand up and speak either for or against my motion when I sit down.

It has even been suggested to me via the rounds by way of a senior advisor to the Government that this Parliament need not sit; that Premier Burke governs this State by Press releases and Press conferences. I also understand that the Government's staff of "A"-grade journalists, serving either as journalists or public relations officers, exceeds the entire editorial journalistic staff of the *Daily News*, including cadet journalists. That is an incredible propaganda machine; Goebbels would have been proud of it.

Several Government members interjected.

Hon NEIL OLIVER: I bring this matter up because the concerned citizens of Midland who signed that petition found it impossible to get their story into the Press, and they have complained to me about it. If members wish to interject, let them do so, but I am sure the President will not allow that when I am putting to the House that the Press of Western Australia has been muzzled, and good journalists have had their stories ripped up and cut to ribbons by the sub-editorial and editorial desk after consultation with the Burke State Government media machine.

A Government member: Try to prove it.

Hon NEIL OLIVER: As an example of how good that media machine is, Hon Keith Wilson, acting on a Cabinet minute, made a Press release which states that recommendation item 3 in the Cabinet summary sheet which approved the sale of the property is --

> That the Western Australian Development Corporation act as the Government's agent in dealing with Prestige Brick and Homeswest and effect sales on terms and conditions satisfactory to Western Australian Development Corporation.

They were also to go ahead with the development of a buffer zone of housing at the southern boundaries of the Midland abattoir, across the Helena River. However, Mr Richard Lewis, the shadow Minister for Housing, issued a statement saying that the abattoirs project might jeopardise the development of a proposed residential site as set forth by Mr Wilson, the Minister for Housing. However, in *The Midland Echo*, in a letter to the editor, Mr Grill said this is not possible and there could not be any Homeswest development south of the Midland abattoir. Mr Grill gave his reasons in the rest of his letter. Here we have a wonderful media situation where one Minister says, "Yes" and another Minister says, "No." Where the heck are we going?

There has been a series of recent meetings in Midland, which culminated in some 400 or 500 people meeting at the Midland Town Hall to express their concern. The report of that meeting appears in *The West Australian* of 4 July under the heading "Call for more Comment on Brick Factory Industry". It is interesting that the *Daily News* of Thursday, 6 August has an article which reads as follows --

> A consultant town planner last night slammed plans to build a brickworks at the Midland abattoir.
>
> Mr Ken Adam said the proposal resulted from "an extremely poor approach to planning" and "should never have been considered in isolation."

The article continues --

> The 400 residents at the meeting voted:
>
> > Against any brickworks on the abattoir site.
> >
> > That responsibility for monitoring fluoride emissions be taken from the proposed developers, Prestige Brick, and given to an independent body.

I understand that is being done. The article continues --

> For the State Government to work towards elimination of fluoride from all sources in the Swan Valley.

The article went on to read --

> At the meeting Mr Adam said the Shire Council had given invalid approvals for the brickworks before zoning requirements had been met.
>
> He said the EPA could not assess Prestige Brick's proposal impartially because it had helped formulate it.

I repeat: He said the EPA could not assess Prestige Brick's proposal impartially because it had helped to formulate it.

The article continues --

> He said a proper study might show that the brickworks would affect other land use and do more harm than good to the economy.

And so it goes on -- just a series of banner headlines of Press releases.

Over the past months I have had more deputations come into my office than I have had in the past four years. All I can say to Hon Fred McKenzie and Hon T.G. Butler, who also represent that area, is that I presume they have had the same situation.

Hon T.G. Butler: I have had one.

Hon NEIL OLIVER: Hon T.G. Butler has not been around for a long time.

Several members interjected.

The PRESIDENT: Order!

Hon NEIL OLIVER: The planning laws of this State have been ignored and yet still the Government charges on. For example, the Shire of Swan's application, serial number 21/3046, notes the approval to commence development. It is zoned "Industrial Development" according to the recommendation of the council, and its use class is "SA". The application reads as follows --

> At its meeting of May 26th Council resolved to approve the application subject to conditions. For conditions of approval see attached sheet.

Several members interjected.

The PRESIDENT: Order!

Hon NEIL OLIVER: Can members believe that the zoning of that development did not include industrial land? It included land which was zoned rural; it included land which was a Crown reserve yet to be de-vested, and land reserved for public purposes. At this point, with the sale having taken place, that situation still stands. An advertisement placed in *The West Australian* by the Shire of Swan today reads as follows --

> Notice is hereby given that the Council of the Shire of Swan has received an application for approval, to commence development of a brickworks from Pilsley Investments Pty Ltd at the site of the Midland Abattoir and Saleyards on Swan Loc 10802 Military Road, Midland and Portion of Lot 21 Stirling Crescent, Midland.

Lot 21 Stirling Crescent is zoned rural. I have only read this in the newspaper; I have not had a chance to research its implications but it appears that the entire development which was previously approved in May 1986 is no longer valid in accordance with the writ. The writ was served about 14 October and the shire, probably in conjunction with the State Planning Commission, has suddenly found -- after a Select Committee of this House found in the middle of last year -- that the development is illegal. The shire pushed on regardless and I presume it has suddenly found, having received a writ, that something is wrong. The shire has now sought legal advice. This is only a presumption of mine, I would be interested to hear whether Hon Tom Butler and Hon Fred McKenzie know more about it. They may have approached the shire; I have not had the time.

Hon Fred McKenzie interjected.

Hon NEIL OLIVER: I have already said that Hon Fred McKenzie and Hon Tom Butler will be able to contribute to this debate later.

It is interesting that the metropolitan region scheme approved the project on 2 July when it said that agreement was subject to the following conditions --

1. No development or use be permitted for brickworks on that area of land zoned rural in the Metropolitan Regional Scheme.

The shire went ahead and approved it. The second condition is inconsequential because it involves discharge into the Helena River, which is quite normal. One would not expect that, for example, the Elders IXL scouring works on the Swan River would discharge waste into the river, as outlined in the second condition. The third condition was --

3. Approval being secured from the Air Pollution Control Council concerning emission into the atmosphere.

I would like to expound on that later. I do not believe that approval has been secured or, if it has, it is contrary to the guidelines to control emission into the atmosphere set down by the Air Pollution Control Council in 1983. Whatever the State Planning Commission did on 2 July has either not been complied with, or has been disregarded.

I now turn to a series of questions which I put to the Minister for Community Services representing the Minister for Environment in relation to the environmental impact on the Midland and Guildford regional area. The first question I put was No 362, to be found at page 77 of the daily *Hansard* on Tuesday, 20 October --

I refer to the public environmental report for Prestige Brick prepared by BSD Consultants dated May 1987.

(1) Is the Minister aware that the initial application for development presented to the Government, prepared by BSD Consultants, contained statements which were subsequently found to be false?

It is unbelievable that despite the many Cabinet discussions, to which I am not naturally privy, the answer to that was no. I presume that the Environmental Protection Authority accepted the BSD report as it stands. The first BSD report was found to be false and misleading. It contained a company which did not exist, and named directors -- who could not be directors anyway, because the company was not in existence -- who had not given their consent, and in most instances were unaware of the development.

Further on in my question I asked --

(4) To what extent if at all was temperature inversion considered prior to approval of the project by the authority?

The answer given was --

(4) The impacts of temperature inversion were thoroughly considered by the Environmental Protection Authority.

I dispute the truth of that remark. The entire BSD submission is based on an inversion height above 500 metres. When I speak about the emission inversion, I am speaking in regard to the temperature of the ground in relation to the heat in the upper atmosphere -- and also the ability of the emissions from the chimney stack to break or push through the inversion layer. In the area of the proposed brickworks, for 75 per cent of the nights within one year the inversion level is below 500 feet, which means that no emission will break through into the atmosphere and be dispersed. For 26 per cent of the nights in one year, the inversion level is in the vicinity of 200 metres or lower. This document by BSD Consultants is either recklessly incorrect, or has been prepared to mislead the EPA and the Government, because there is a significant change in the model used to the actual circumstances.

Furthermore, this environmental report refers to the clay that will be used in the Prestige Brick project. It states that the raw material will have a composition of 180 particles per million of fluoride. It goes on to say, ". . . but to be on the safe side we will say 210 particles per million." That is impossible. I will prove from statements made by leading people in this area of competence in Australia that there is no raw clay material in the Swan Valley at that level, except in very isolated parts. To make a simple pastel brick requires a minimum of five different samples. The number of particles per million vary between an absolute minimum of 400 and a higher level of 800. Therefore, the entire basis of the public environmental report is incorrect; the model is incorrect; the inversion layers are incorrect, and the quality of the material is incorrect. I will quote later from a report on this particular matter prepared by a number of gentlemen.

This public environmental report states at page 21 --

> Effects on plants.
>
> Minor effects are expected on an occasional basis in the proposed residential area west of the proposal in the small area broadly delimited by 0.3 g/m^3 . . . These effects are likely to be minor visible foliar injury to sensitive and moderately sensitive species in home gardens when and if established at some future date. Such home garden varieties as gladioli, grape vines, and possibly peach and plum fruits could sometimes suffer injury.

I now show members this example of the effects of fluoride on plants in the Swan Valley. The native plant I am holding in my hand shows the effect of fluoride. It has been subjected to only 0.1 cubic metres, but the BSD report states that 0.3 cubic metres will cause only occasional damage.

Hon G.E. Masters: That figure of 0.1 would be over a long period of time and it would apply in this case as well, wouldn't it?

Hon NEIL OLIVER: That is correct. I will take it further when I refer to a report by a prominent person regarding the model.

Another matter which has arisen is covered in the media statement issued on 2 October 1987 by the Chairman of the EPA, Mr Barry Carbon. It has to do with the relocation of the emission stack which is now being moved 130 metres north. The EPA decided it was not a major change and therefore only a short period should be set aside for objections. The media statement said --

> Mr Carbon said that as a result of these changes the Company would no longer need to utilise the additional 10 metre strip that intrudes into the flood plain. The Company had offered to make this property available to the Crown at no cost to assist in the provision of the proposed Helena River linear park.

Can members imagine the development of a linear park adjoining the boundary of a brickworks when this damage has occurred to the sample of vegetation which I have shown members? It is to be used as a buffer zone and it will double as a recreation reserve. This statement makes it appear to be a big deal that the company has offered to make this property available to the Crown at no cost. I point out that if one has a rural property or a special rural property with a winter creek in the metropolitan area, one is required to give up 30 metres of that creek whether water flows in it in winter or not. I can assure members the Helena River is much bigger than a non-perennial winter creek. It is a requirement under the State Planning Commission's statement of planning policy that 30 metres be given up, yet we are told the developer is being very generous and is giving up 10 metres.

I come back to the question of inversions. If the inversions were thoroughly considered by the EPA, which the Minister, Mr Hodge, has already told me, why did the EPA approve that model? The EPA has made a detailed study of it. Why approve a model with an inversion height above 500 metres when 75 per cent of all nights in the Midland-Guildford area have inversions of less than 500 metres? On 30 per cent of nights in a year, the inversion height is below 100 metres. Previously I said it was 26 per cent, but I now correct myself. This is totally contrary to what the BSD environmental report states, and contrary to what the EPA has approved.

The next point I raise is the level of concentration of fluoride. If members examine the map in the public environment report, and in particular plan No 8, where the stack height is shown as 35.5 metres, it shows various isopleths which indicate 0.1 micrograms per cubic metre based on easterly and south westerly winds and information gathered at the Perth Airport. It takes no account of the Darling Range escarpment. My learned colleague, Hon Gordon Masters, and I and anyone else who lives near the escarpment knows well that easterly winds are very severe during hot weather. I assure you, Mr President, that a leaf would not be moving if you lived in South Perth or City Beach, whereas simultaneously in the hills you would be hanging onto the blankets to stop them blowing away if you lived near the Darling escarpment, the wind is so strong. It is a very unusual phenomenon brought about by inversions caused by the relationship of the ocean to the escarpment, which has heavy rock and iron ore concentrations.

It is a fact that fluoride concentrations at Sandalford vineyards, 1.5 kilometres west of Midland Brick, are up to 2.26 micrograms per square metre. That has been published in the 1987 journal of the Agriculture Society of Western Australia. How can the Minister or the EPA explain the BSD report -- and the EPA has approved a model which is approximately 22 times lower -- in the face of evidence and monitoring published in that journal? Why has the EPA failed to explain to the people of Guildford and Midland the reasons for ignoring those inversion layers and for dispensing with the model? Why did the EPA not consider fluoride emissions from other clay kilns in the locality in modelling the emissions from Prestige Brick?

I refer to plan No 8. These isopleths indicate the micrograms per cubic metre of fluoride emissions and relate only to the Prestige Brick application. There are already two brickworks -- there were three -- operating in Midland. Any person looking at this would realise that emissions in the area will be further increased by the fallout from existing brickworks. That is not contained in the model.

Mr President, you have not heard me speak in this House about environmental matters generally. It is not a subject in which I am well versed, but in the past six weeks I have spent a lot of time studying this subject and I have questioned the statements which have been made by many people.

[Resolved: That business be continued.]

Hon NEIL OLIVER: I have already mentioned the recommended guidelines of the Air Pollution Control Council of Western Australia. In 1983, when the Burke Government was in office, that council recommended the following guidelines to limit --

(a) ambient air quality for hydrogen fluoride to protect vegetation.

(b) Fluoride in forage to protect grazing animals.

This standard limits fluoride to 0.1 micrograms per cubic metre, while concentrates in the Swan Valley are already documented at 22.6 times this limit.

Why has the Government disregarded the Clean Air Act? Why has the Government ignored the Air Pollution Control Council which issued the guidelines in 1983? These questions need to be answered. The people of Midland and Guildford will continue to live in the area and they require these answers.

The Minister for Housing has outlined a proposal by Homeswest to build 800 houses in the impact area. Incidentally, moving the chimney stack 135 metres, or whatever, means that the impact area will be moved a further 500 metres and will encompass the major residential area of Guildford from the less populated area of Hazelmere and also Guildford Grammar School. In addition to that, the new impact area will include emissions from both the Bristile and Midland plants.

Hon G.E. Masters: So there is an overlap.

Hon NEIL OLIVER: Yes, there is an overlap. The 0.1 micrograms per cubic metre, which I have mentioned, is a mysterious figure and it will never be achieved.

On Tuesday, 20 October, I directed a question to the Minister for Community Services representing the Minister for Environment.

Hon Fred McKenzie: Will you continue with your new found interest in the environment?

Hon G.E. Masters: You should be interested and concerned about this. Mr Butler should also be interested and concerned about it.

Hon T.G. Butler: I am interested in it.

DEPUTY PRESIDENT (Hon John Williams): Order! The honourable member should know that he is not recognised by the Chair.

Hon NEIL OLIVER: I asked the Minister whether the Environmental Protection Authority fully considered all the submissions in response to the public environment report prepared by BSD for the development of a brickworks on the Midland abattoirs and saleyard site. The Minister replied, "Yes." I then asked how many of the 26 submissions supported the proposed development. I received a very cagey answer to this question. The Minister said that three submissions provided technical advice and extended conditional support to the project.

I refer members to the "Submission on Public Environmental Report" prepared by K.A. Adams & Associates and Bowman Bishaw & Associates dated June 1987. Rather than bore the House I will read the recommendations, which are as follows --

1.1 Prime Conclusion

Not only has the PER failed to demonstrate the acceptability of the Prestige Brickworks proposal in environmental terms, but the information available on the proposal and the site lead to a firm conclusion that the site is not an acceptable one for a brickmaking operation.

1.2 The PER Document

The PER is a generally unsatisfactory document because it fails to address many important considerations; it contains many unsupported assumptions and assertions; and the data provided is inadequate.

1.3 Fluoride Emission

The Prestige Brick proposal is unacceptable for the following reasons:

(i) No fluoride scrubbers are incorporated in the present plan design.

(ii) No recognizably valid data is provided to substantiate the unusually low fluoride content of brick clay which will be used in the process.

(iii) Assumption of zero background fluoride concentration in local air is questionable.

(iv) Neither baseline data nor modelling procedure adequately accounts for probable local atmospheric conditions such as calm wind periods, temperature inversions or gravity drainage flows which will likely result in poor dispersion.

(v) The ground level fluoride concentrations predicted by the model will likely cause unacceptable foliar damage in peripheral residential and future recreational areas.

That is exactly what occurred to this branch of a tree which I hold in my hand. It continues --

(vi) No privately owned buffer zone around the plant will be provided by the proponent.

(vii) De facto usage of the proposed Helena River Valley linear park as a buffer zone is unacceptable from every perspective.

I ask any member present whether he would allow a major recreational area in his electorate to be used as a buffer zone for a brickworks. I also ask whether their constituents would support such a proposal. No doubt Hon Fred McKenzie would like to answer my question. It continues --

(viii) No evaluation or management proposal is provided for other potentially hazardous waste gases from the brick kiln.

This also refers to Homeswest because the Minister for Housing has decided to proceed with a project to build homes in the area, yet the Minister for Agriculture says the proposal will not go ahead. I hope that the State Government's media office will hold a conference sooner or later to determine which Minister is wrong and the other right.

I refer now to an annexure to the submission from K.A. Adams & Associates and Bowman Bishaw & Associates. It is in the form of a letter from Dr P. Zib of 25 Watt Street, Newcastle, New South Wales. That is certainly the right place for an up and coming air pollution and control consultant. If any member has been to Newcastle, he will know what I mean. Dr Zib is certainly in a position to offer a comment to the people of Western Australia. He said --

I have received sections of the above document --

He is referring to the atmospheric dispersion modelling in the PER for Prestige Brick, Midland. The letter continues --

-- as requested in your letter of 12 June. Having read the material my first reaction was that of surprise that no gas cleaning had been proposed to reduce the fluorine content in the kiln stack exhaust to a more moderate level of emission.

I cannot think of any similar new plant which I would know to have been approved to operate within fluorine control technology at this level of emission anywhere in Australia.

He goes on to say --

The use of a Gaussian plume model --

Which is what is contained in the BST report; to continue --

-- is common in assessments of this kind. A modelling accuracy of a factor of 2 either way of the predicted values is normally quoted for well-defined emissions, flat terrain, representative meteorology and an averaging interval typically of one year. A better accuracy of predictions and a factor of 2 may be achievable by using high-quality on-site meteorology data and a validated model . . .

It would appear from the description of the model in the P.E.R that no such code was available in this case. I could not find any reference in the material concerning either the source of the code or the amount of testing which would have preceded the application to Prestige Brick . . .

It was not possible from the information published in the P.E.R to evaluate the adequacy of the ground-level concentrations or the input parameters used. For instance, no details were given concerning the temperature, volume and stack exit velocity of the waste gas which would allow to evaluate the plume rise and the need to consider plume downwash.

He goes on to say this --

It would require a very bold person to argue that a model with apparently so many unknowns could be expected to predict better than a factor of 2. More likely, factor may be higher especially when combined with the uncertainties inherent in the meteorological data discussed further below.

I refer also to the Darling escarpment, which is not even included in this document. He continues --

. . . spot readings rather than continuous records and on an averaging interval of 3 hours must further add to the caution which is required when interpreting the results . . .

No mention was made of the directional values which were adopted, if any, for the calm intervals together with the assigned speed.

A very important factor is dealt with again. It continues --

The model value of 210 ppm for the clay with 90-95 per cent evolution rate for certain types of clay mixes. In fact, I have seen results of green and fired brick analysis which indicated a differential of up to 800 ppm. I am not familiar with the West Australian clays and accept your estimate of 500 ppm as a possible maximum. Your conclusion that the ground level concentrations of gaseous fluoride will rise in proportion to the initial emission rate is correct. I understand however that an evolution rate of 100 per cent is uncommon.

I have expressed my surprise at the outset of my review at the fact that no gas cleaning equipment was proposed for a fluoride emission which may vary between 200 and 500 ppm. This emission rate would be in a direct contradiction not only of the National Health Medical Research Council guidelines for emission limits to new plants but also, I presume, to the Clean Air Regulations in Western Australia. I find it difficult to imagine a new plant anywhere in Australia approved to emit at a significantly higher rate than the recommended 50 ppm...

So it goes on. He then speaks on the effects on stone fruit. He continues --

For protection of cultivated species such as stone fruit and flowers the same body recommended an average for growing season of not more than 0.10 ug/m^3 of gaseous

fluoride. In New South Wales, the State Pollution Control Commission extended the limit of 0.10 ug/m^3 for protection of stone fruit and flowers from an entire growing season to any individual month within the season. Note that maximum monthly concentration will be higher than the average for the whole growing season.

Hon Fred McKenzie: Would you mind making that available to me so that I can read it?

Hon NEIL OLIVER: It goes on and on, but some things never change.

Hon John Halden: You are one.

Hon NEIL OLIVER: The sun always rises, crocodiles eat people and the Burke Government continues its crooked path of deception, cover-up and mismanagement.

Hon John Halden: Prove it.

Hon NEIL OLIVER: It is one of the great mysteries of the last few years that this Government, a Government composed of men who could not lie straight in their beds if they were strapped down, has managed to avoid the scrutiny of the media for its scandalous misdeeds. One has only to compare the savaging the media gave the Government of Queensland with the kid glove treatment which this Government has received.

Hon J.M. Berinson: Has it ever occurred to you that that is because your judgment is wrong?

Hon NEIL OLIVER: It has been documented to the hilt. We all know about the stink surrounding the superannuation affair; an affair which reaches right into the Premier's office. We know even more about the Midland abattoirs scandal, a scandal so big that its many parts keep re-emerging, and emanating a stench throughout Western Australian life. There can be no excuse for saying, "How can we know what really happened?"

Hon Fred McKenzie: Who wrote that for you?

Hon NEIL OLIVER: I wrote it.

Hon John Halden: Don't lose your place.

Hon NEIL OLIVER: I would be interested to hear the member's comments. The fact is, not only do we know what happened; anyone can inform himself of the full dimensions of this outrageous scandal simply by buying a paperback book from a local newsagency. Strangely enough, that book has been suppressed in some libraries. It is titled *Burke's Shambles*. It sets out the full story, and is a unique document.

Several members interjected.

The DEPUTY PRESIDENT (Hon John Williams): Order! On three separate occasions members of the Government have interjected, and they are acting in a highly disorderly way in that they are not even in their seats. I will be forced to take action if that continues.

Hon NEIL OLIVER: The book says that the full story of this scandal is still very much alive. The villains are still around and they are still exercising their power. No-one has been charged, even though the prima facie evidence provided in the book has not been challenged. Further, this Government, which was a clear accessory to the details, continues its sordid effort to cover up what has been correctly described as the biggest political scandal in Australia. *Burke's Shambles* is an accurate if somewhat cautious description of this Government.

A Government member: Inaccurate?

Hon NEIL OLIVER: If the member would just clear his ears, the word is, "accurate". It lifts the lid on how deals in this State are done, how honest businessmen are attacked, how information is suppressed, how witnesses are pressured, and even threatened, and not least, how Parliament itself is subverted. "Burke" is listed in *Roget's Thesaurus* alongside "abattoirs". The word "abattoirs" means "to kill". It also lists the old expression "burke, -- settle". The *Oxford Dictionary* defines "burke" as "avoid", "hush up", "suppress", "smother", "as with publicity or an inquiry". "Shambles" is defined as "a butcher's slaughterhouse; a scene of carnage". Is it not interesting how the labels fit? It is almost as if providence conducted its own investigation into the political pollution of this State and chose appropriate names for those whose villainy is so outrageous that their very names become a warning to the innocent victims. Unfortunately, the citizens of this State -- except the members of this Government and those dirty characters who do its dirty work -- are the innocent victims.

They are the victims of a style of cynical and evil government which this country has not seen for decades. At least the Burke Government cannot be charged under the Trade Descriptions and False Advertisements Act. This Government, which specialises in smothering adverse publicity and suppression of facts, is well named as the Burke Government. What a miserable pack of berks they are.

What of the Midland scandal? Let us reflect on some of the facts about how this ugly affair emerged. I will not delay the House, Mr President, as I have already made a major speech on this matter. I refer members to *Hansard*, pages 5258-5259 on 2 December. Then we have the evidence of Mr John Trent who told us some of the Government witnesses to the two parliamentary inquiries on the Midland sale lied through their teeth. He also had evidence that Mr Grill's offsider, Paul Regan, seemed to have spent most of his time during the inquiries either threatening witnesses or indulging in other activities which no public servant should ever indulge in. To this day that has not been investigated nor has it been the subject of disciplinary procedures, let alone a judicial investigation; nor have these actions ceased in the current controversy surrounding the impact of the project. Mr Regan is still very active and calling on people who attended public meetings in the Midland Town Hall.

Hon T.G. Butler: Why haven't you said this outside the House?

Hon NEIL OLIVER: We are starting to pay the price for this marathon saga of arrogance and corruption surrounding the Midland abattoirs sale, which has left a putrefying stench which is more appalling than anything experienced when the abattoirs was in full operation.

Pollution and disregard for the environment of the Midland region are the more obvious manifestations of an attitude of mind so corrupt that the public consequences of the misuse of power are treated with the utmost contempt. Before the Press accuses me of going over the top, I will take a moment to reflect on the meaning of the word "corruption". I quote the words of the famous and distinguished French writer Jean-Francois Revel --

> Being corrupt means somehow misapplying political or administrative power, whether directly or indirectly, outside its proper sphere for one's own financial or material advantage or in order to distribute the gains among one's friends, colleagues, relations or supporters.
>
> When a Minister grants a subvention or an association of dubious utility, even when he observes all the rules in doing so, he is committing an abuse, especially if it turns out that the beneficiaries of the subvention are his personal or political friends... The further system of corruption extends, the heavier the hidden tax on production and the less profit and employment. Even if legal appearances are saved in these transactions, it may be assumed that democracy is not.
>
> The national inheritance is diverted into private or partisan uses, causing a pernicious drain on the general economy. No doubt the good Minister who performs this little service or his henchmen has no sense of being dishonest -- and that is the most serious thing about it.

I have taken that quotation from *Encounter* magazine, London, March 1987.

The worst thing about the Burke Government is not that it is corrupt in the precise meaning of that word -- after all we have known that for some time. No, the really frightening thing, the conclusive evidence that there is something rotten in the State of Western Australia, is the realisation that these people actually think they are honest. That, after all, is the worst that can be said of them.

I do not propose to proceed any further. I will be very keen to hear from my colleagues on the opposite side of the Chamber. I have given sufficient time as I gave notice of this motion last Wednesday. I sought leave of the House on Thursday to enable the motion to be deferred until today to give members opposite the opportunity to prepare themselves.

HON G.E. MASTERS (West -- Leader of the Opposition) [4.55 pm]: Mr President, I did not intend to make any comment at this stage but I have been encouraged to do so by the statements and comments made by Government members opposite whom one would have thought would have supported the motion, particularly if they represent the areas that Hon Neil Oliver is talking about. I was surprised, to say the least, to see the smile on the face of Hon Tom Butler, a person who supposedly represents those people; and Hon Fred McKenzie who supposedly supports these people.

I commend Hon Neil Oliver on the tenacity which he has shown in pursuing this matter. He has been attacking the issue and the Government for many months, to his great credit. He has pursued the impropriety of the sale from the word go; he has pursued the Government and has made it absolutely clear that the sale was improper and that it probably cost the public of Western Australia something like $3 million or $4 million. This whole sordid affair should have resulted in the resignation of the Minister. Without a shadow of a doubt the Minister was wrong; he made a number of mistakes recorded in the Select Committee report in both Houses, but particularly this House. Indeed, not only is the Minister guilty, not only should he have resigned, but also his advisors should have been sacked.

As Hon Neil Oliver suggests, the sale could well have led to suggestions and accusations of corruption and corrupt practices. I will not pursue that point as we have talked about that for a long time. The parliamentary inquiry did indicate lies were told and incorrect statements made. I do not need to comment or quote from the report as everybody now knows it by heart. The latest stage is the construction of the brickworks itself and its effect on the community. This is what we are talking about today: The effect on the community; the effect on the people and the people that Mr Butler is supposed to represent. Hon Tom Butler thinks this is funny; he has been smiling all through the debate.

Hon T.G. Butler: I think you're funny; I think you're hilarious.

Hon G.E. MASTERS: People will be greatly affected, and that is the point we make today. Members opposite ought to be standing on their feet talking in support of the people who will be affected. We all know very well when a person builds a home it is the biggest investment of that person's life. People are concerned. Naturally the small businesses in the Midland area will be affected, and for many of the people involved these businesses represent a lifetime's work. Members opposite should be concerned. It is no wonder Hon Neil Oliver has continued with this matter and has debated this motion at length today. He is fighting to represent these people. He has given a long list of examples of people who will be affected, and he has demonstrated the need for concern. He has quoted from an environmental report which I have had the opportunity to read.

[Questions taken.]

Hon G.E. MASTERS: I have pointed out the environmental aspects related to the proposed brickworks development and the importance to residents of their homes and businesses. It is no wonder that people in the community are concerned, and it is not a laughing matter as far as this House is concerned. I am amazed and surprised that the members who supposedly represent the area have made no contribution to this matter except to abuse Hon Neil Oliver for his compassion for the people who will suffer as a result of the development.

I draw members' attention to paragraph 5 of the motion which states --

> to consult community interests in respect to effects on their business and residential environment;

That is an excellent paragraph to appear in a motion of this kind.

Hon T.G. Butler: But he did not stick to that. He embarked on personal abuse.

Hon G.E. MASTERS: If I moved a motion along those lines tomorrow or the next day, would the member support it? The member should just answer me.

Hon T.G. Butler: Answer you what?

Hon G.E. MASTERS: I referred to paragraph 5 of the motion moved by Hon Neil Oliver. I want the member to indicate to me whether he would support a motion along those lines if I moved one in the next few days.

Hon T.G. Butler: I will give you my advice when this matter goes to the vote.

Hon G.E. MASTERS: The answer is no.

Hon T.G. Butler: I did not say that. I said that you would find out when the matter goes to the vote.

Hon G.E. MASTERS: Yes or no?

Hon T.G. Butler: Don't stand over me with your pushy tactics.

The PRESIDENT: Order! I do not know what has got into members. The provisions for the moving of motions in this place are quite clear. They give members an opportunity to express a point of view. They do not provide an opportunity for members to disregard the rules or to embark on discussions across the Chamber. The Leader of the Opposition knows that his comments should be directed to the Chair. Members on the opposite side who interject are out of order. I suggest they ignore the member speaking if they do not agree with him. I suggest also that we allow the debate to continue so that, hopefully, it will come to a conclusion.

Hon G.E. MASTERS: Hon Neil Oliver presented a copy of an environmental report which I have in my possession. It is entitled "Public Environmental Report for Prestige Brickworks" for Pilsley Investments Pty Ltd, by BSD Consultants. Hon Neil Oliver referred to the report which deals with the likely effect of the emission from the chimney stack; and if members opposite took the trouble to read that report they would find that the effect on the environment in which these people live will be serious. I will give members opposite a copy of that report.

Hon Mark Nevill: I have read the report, and it is rubbish.

Hon G.E. MASTERS: The report which Hon Mark Nevill says is rubbish is the report prepared for the brick company.

Hon Mark Nevill: I have read the environmental impact study, and it is fairly safe.

Hon G.E. MASTERS: I am agreeing with the member that Hon Neil Oliver has quite legitimately challenged the forecast, sketches, and outlines drawn in this report. In our view it is quite wrong. Hon Neil Oliver said that the work carried out on an assumed inversion level is wrong. If Hon Mark Nevill says it is rubbish, I will take his word for it. I take it there is something wrong with the report.

Several members interjected.

Hon G.E. MASTERS: If there is any doubt at all, if there is any question that there may be something wrong with the report on which the EPA based its assessment, the matter should be reconsidered. Another environmental study should be made by an independent group. I understand that another study has come to a different conclusion, and that is the issue we should be discussing today. The proposal for a brickworks is undoubtedly meeting with a good deal of public opposition, and the land could be put to other uses.

Several members interjected.

The DEPUTY PRESIDENT (Hon John Williams): Order! I am finding it increasingly difficult to hear the Leader of the Opposition because at least four members are interjecting. The President has warned members once, and I shall follow his dictates if the interjections continue.

Hon G.E. MASTERS: The EPA should reconsider the situation; and I was trying to say before I was so rudely interrupted that the site could be used for other purposes. I am not referring to another brickworks or to Whitemans. The member for the area is laughing again, but perhaps he has not considered the effects of the emission or of the trucks going through that area. There will be a great deal of trucking movement, and heavy traffic will be generated by the brickworks.

Several members interjected.

Hon G.E. MASTERS: It is important to the people living in the area to put this information on the record. Trucking trips into the site per year in stage 1 are estimated at 4 000, and in stage 2 at 8 000. Trucking trips to the site per day in stage 1 will be between 19 and 67 -- I guess the volume varies over the nine to 12 hours. In stage 2 the trucking trips per hour will be between 38 and 134.

Hon T.G. Butler: Have you been to the project?

The DEPUTY PRESIDENT (Hon John Williams): Order! It is only fair at this stage to make this the last warning. I am very tolerant, but these constant interruptions merely prolong the business of this House.

Hon G.E. MASTERS: The figures I gave refer to clay-carting trucks; but brick-carting

trucks will also be involved. The trucking trips out of the site per year for bricks in the first stage will be 5 680, and 11 360 in stage 2. Trucking trips from the site per day will be 21 to 52 in stage 1 and 41 to 104 in stage 2.

We have canvassed two areas over the last hour or two of this debate. I say to members who represent the area that it is no wonder the people who live in that area are concerned. They do not know what effect the emissions will have, or how the movement of trucks will affect their lives, their families, their children going to school, and the state of the roads. The people complaining have a right to air their views. Because their local members have not taken any action, Hon Neil Oliver has taken up the issue and has done so very well. I commend him for that. I ask the House to seriously consider supporting the motion.

Debate adjourned, on motion by Hon Fred McKenzie.

JUDGES' SALARIES AND PENSIONS AMENDMENT BILL

Second Reading

HON J.M. BERINSON (North Central Metropolitan -- Attorney General) [5.26 pm]: I move --

That the Bill be now read a second time.

For some years judicial pensions in Western Australia have lagged well behind the Australian standard. The recent trend towards the appointment of younger judges has also highlighted serious inadequacies in the current provisions for surviving spouses and children. This Bill proposes to address these matters.

It is necessary to do so to ensure fair treatment of judges and their families. If we are to continue to attract top quality appointees, it is also important that judicial pensions should adequately reflect the high status of judges in the community. In the Commonwealth and all other mainland States, the basic pension entitlement is 60 per cent of the judge's retirement salary. The Western Australian and Tasmanian schemes provide only 50 per cent of retirement salary. The trend elsewhere generally is for judicial pensions to be tied to salary movements rather than, as is the case currently in Western Australia, to annual adjustments in accordance with cost of living movements.

Clause 5(c) of the Bill therefore provides that the basic pension entitlement, subject to the existing requirements to complete 10 years' service and attain the age of 60 years, should be increased from 50 per cent to 60 per cent, and be tied to future salary movements. Consistent with the other provisions of this Bill, these amendments will only apply to judges who retire in the future. They will not apply retrospectively to those currently in receipt of a judicial pension; and this is in keeping with other recent changes to Government-funded pensions and superannuation systems.

Consequent upon these changes, the current provision for judges who are required to retire early due to permanent disability or infirmity -- section 6(2) of the Act -- also need amendment. Under the current provision a judge who is forced to retire due to ill health with less than six years' service has a pension entitlement of 40 per cent of salary. If he has more than six years' service, the pension is increased by two per cent for each completed year of service in excess of five years, up to a maximum of 50 per cent. It is proposed that the same approach should be maintained, but that the pension entitlement for a judge who retires with less than six years' service should be increased to 50 per cent, with a further two per cent for each completed year of service in excess of five years, up to a maximum of 60 per cent.

Of particular concern are the current inadequate arrangements for surviving spouses and dependent children. The Act currently provides for a widow or widower of a judge who dies in office to receive a pension of five-eighths of the pension the judge would have received had he retired due to permanent disability on that date. This means that the widow of a judge who dies with less than six years' service would receive a pension of only 25 per cent of the judge's salary. Even if the judge had 10 or more years' service, the widow's pension would only be 31.25 per cent of his salary. Particularly in the case of younger judges, this provision is inadequate to provide a judge with the assurance that in the event of his death in office his widow is adequately provided for. Clause 7(a) therefore proposes that the widow's pension, in cases where the judge dies in office, shall be five-eighths of the full 60 per cent judicial

pension, irrespective of the judge's years of service -- that is, 37.5 per cent of the relevant judicial salary. This adopts the Commonwealth approach.

For dependent children of a surviving spouse, the current provision in the second schedule to the Act is $8 per week. This rate has applied since January 1976. It is again proposed to follow the Commonwealth approach by providing a dependent child's allowance fixed as a percentage of the judge's pension. Clause 7(b) therefore provides for the allowance for each dependent child to be one-eighth of what would have been the judge's relevant pension, up to a maximum of three children. In practice, a widow of a judge who dies in office will receive her own pension -- five-eighths of 60 per cent of the judge's salary -- plus a further one-eighth for each child up to three children. Thus a widow with three or more dependent children will receive the full judicial pension.

The same approach is proposed for orphan children except that instead of one-eighth of the judge's pension, it is proposed that an orphaned child should receive one-quarter, up to a maximum of four children; that is, where there are four or more orphaned dependent children, the full judge's pension would be paid. This approach is more conservative, but in the Government's view more equitable than that adopted by the Commonwealth, which provides for 45 per cent, 80 per cent, 90 per cent and 100 per cent of judicial pension respectively. The opportunity has also been taken to clarify the definition of dependent children.

Finally, it has been found necessary to ensure that there is complete portability of service, for the purposes of the judicial pension, between the various courts and tribunals whose judges are covered by the Judges' Salaries and Pensions Act. Clause 4(c)(3) of the Bill provides an all-encompassing portability, and the schedule to the Bill repeals provisions in other Acts which are rendered superfluous by the other provision. The effect of these amendments will be to --

> Make adequate provision in line with current Australian standards for judges on their normal retirement or early retirement because of permanent incapacity, and for the surviving families if they should die in office;
>
> enable lawyers with young families to accept judicial office with some peace of mind that their families will be reasonably cared for should they die in office; and
>
> ensure that our judicial pension scheme is comparable with that offered by the Commonwealth which now recruits judges, in a sense, in competition with the State.

I commend the Bill to the House.

Debate adjourned, on motion by Hon John Williams.

ELECTORAL (PROCEDURES) AMENDMENT BILL

Third Reading

Bill read a third time, on motion by Hon J.M. Berinson (Leader of the House), and transmitted to the Assembly.

ACTS AMENDMENT (BUILDING SOCIETIES AND CREDIT UNIONS) BILL

In Committee

Resumed from 22 October. The Deputy Chairman of Committees (Hon John Williams) in the Chair; Hon J.M. Berinson (Leader of the House) in charge of the Bill.

Clause 1: Short title --

Progress was reported after the clause had been partly considered.

Hon MAX EVANS: I wish to follow up the comments I made last week. The Opposition appreciates that there must be some real urgency on the part of the Government to get this legislation through. We cannot believe the Government would want to get the legislation through with such urgency for any reason other than it has a problem to be solved and needs this legislation to be available. For that reason we go along with the Government. We have a number of amendments which should be discussed and upon which we would appreciate the comments of the Leader of the House. As I said before, this legislation has not been well

drafted, but we understand that it is not the legislation of the Leader of the House. He has already identified today which legislation comes within his bailiwick in his portfolio of Attorney General, and this does not.

Hon G.E. Masters: He is responsible for it in this Chamber.

Hon MAX EVANS: He is responsible for the Bill in this Chamber, and we believe he will be embarrassed by having to rush legislation through like this. The Bill may go through, but it will not be long before it will have to come back for amendments to be made.

In his speech the Leader of the House commented on how two out of 22 credit unions supported the Bill, and one of them expressed fairly guarded support. Since then we have received letters from 15 of those of 22 credit unions. Those 15 credit unions support the national body and the State body on this legislation, and support the amendments put forward by me and the Leader of the House. There are some good amendments, and the credit unions concede that.

In letters to me the credit unions have expressed their wish to be acknowledged as supporting the Opposition's amendments and some of the Government's amendments.

> In particular we support :
>
> . the deletion of all references to a "Financial Society" being embodied in our principal Act. However we have no objection to a financial Society being established under its own enabling legislation.

They also support --

> . the introduction of powers to give Government and the Administrator of Teachers Credit Society wide and flexible powers to make whatever arrangements are necessary for the restructure of Teachers in the interests of members, depositors and creditors, as proposed by your special amendment in Part XIIB.

The point the API Members Credit Society Limited is making is that there are special problems with respect to Teachers Credit Society, but that the whole Act should not be changed in respect of this one problem to give it extra powers. They also support my introduction of a mandatory reserve fund administered by a reserve board in lieu of the proposed levy. From memory, the levy comes under clause 87. They further state --

> Notwithstanding the above we wish to indicate our support for a number of initiatives in the Government's Bill; in particular:
>
> . introduction of a net worth concept and the requirement for a capital adequacy level of 5%;
>
> . increasing liquidity requirements to 10% from 7%;
>
> . introduction of non-withdrawable shares
>
> In summary this Credit Union --

And I will name the credit unions in a moment. The letter continues --

> -- supports the actions, and direction as undertaken by our Association and our National body, Australian Federation of Credit Unions Ltd, and ask that you --

That is, me. The letter continues --

> -- and your colleagues continue to actively pursue the Association's amendments to the Bill.

This has come from the API Members Credit Society Limited, the Auscom Credit Society, the Bunbury Co-operative Credit Union Society Ltd, the City of Perth Credit Union Limited, the CSA Credit Union Limited, the Energy Credit Union Ltd, the Goldfields Credit Union, Health Credit, the "Kalyna" Ukrainian Credit Society Limited, the WA Nurses' Credit Society Limited, the Police Credit Society of WA Ltd, Unicredit, the WA Fire Brigades Employees' Credit Union Society Ltd, the WA Railway Officers' Co-operative Credit Union Society Ltd, and Westbond Credit Union Ltd. There are 15, all supporting our amendments. They are institutions which have no financial problems but are strong members of the association and which have been working with the association on what is really needed by the association.

I have been alerted, and so has the Leader of the House, to some comments made in his speech which I think are very relevant at this stage. They must be taken into consideration when we consider the amendments brought forward because some statements made in the Leader of the House's second reading speech were, I believe, incorrect and were misleading to members of this House and to the *Hansard* records.

The letter from the Australian Federation of Credit Unions Ltd addressed to the Attorney General and dated 26 October made the following comments about the working party --

> You implied that the Bill has already been agreed to by credit unions via their representatives on the joint government-industry Working Party. In particular, you said that the main elements of the proposed legislation were based on the draft report of the Working Party and on the consultative process.
>
> The facts are: --

These are the facts relating not to what the Leader of the House said but to what has gone on between the Credit Union Association and the Government. The letter continues --

> . The first draft of the Working Party's Report, agreed to by all members of the Working Party, was completed by July, 1987;
>
> . on July 28 and 29 I --

That is, Mr Graham Loughlin of the Australian Federation of Credit Unions Ltd. The letter continues --

> -- conferred with the Registrar and recommended amendments to this draft. AFCUL disputed the claim in the Report that building societies and credit unions were structurally and functionally alike and should therefore be combined in one statute. AFCUL argued that the structural and cultural differences between building societies and credit unions were so significant as to warrant retention of separate enabling statutes; ...

This has been carried out, but that was one of the early points brought up in the working party report. The letter continues --

> . on August 6 I wrote to the Registrar, enclosing a 14-page summary of the AFCUL submissions presented orally during the previous week;
>
> . on September 11 the Registrar replied stating that he had since re-thought and re-drafted some areas of the Report. It was at this point, for the first time, that the Report was changed to recommend a new body corporate, since given expression in the Bill as a "financial society";

So it appears that "financial society" was not in the first working party report. That came along later. It is one of the big worries of the credit unions that a financial society can be created only by transferring a credit union to a financial society. The letter continues --

> . the Working Party has not met since that date. It has never considered, still less given its approval, to this major innovation;

We were told last week that it was in full consultation with the industry group. We were told that they agreed to all these amendments; but, as I pointed out then, how can anyone agree to all the amendments unless they themselves see the amendments? They had a working party report, that has been changed once or twice to bring in new items like the financial society, and they are supposedly locked in. All the persons on the working party were locked in to these amendments simply by being on the working party, yet they did not meet after some of these major innovations were introduced. The letter further states --

> . the Registrar met with the Association on September 14 to explain these recommendations.
>
> . the Association was finalising its written submissions to the Working Party when the Bill was introduced on October 13.

As I said last week, they believed they had until Friday of that week to make further submissions after their discussions with the registrar. The letter further states --

> . on September 8, CUAWA received from Mr Kevin Edwards, Chairman of the

> Working Party, a set of recommendations, dated September 2, which the Registrar was said to have discussed "on an individual basis with a number of representatives of the Working Party". The credit union representatives on the Working Party were not members with whom the Registrar had discussed the contents "on an individual basis". Mr. Edwards' letter said that the recommendations had already been approved by Cabinet as the basis of legislation to be introduced in the Spring Session. The Association was given one week to provide to the Working Party written comments on this set of recommendations. This one-week allowance was almost fully consumed by the six days taken to transmit the recommendations. . .

This is no way in which to deal with industry groups. It is important legislation, as the Leader of the House has said, and because of that, and because it is legislation that is needed, it should be a well-drafted and well-discussed piece of legislation and should not be rushed through by the registrar and Mr Kevin Edwards saying it is a fait accompli and the association has to accept it. The letter further states --

> . . . you say that this Bill must proceed because it is essential that public confidence in the credit union industry be restored and that this be done very quickly.

Mr Edwards has been pushing very hard for this and I believe the registrar and the Leader of the House should take a closer look at these recommendations and how they affect all credit unions, and not simply give them the powers to amalgamate two credit unions or to create a financial society where they may be sold or have other parties invest in them. The letter further states --

> In your second reading reply speech you said that financial societies would be registered interstate as foreign credit unions or foreign companies, depending on the State [in which application is made].
>
> This answer presumes that financial societies will be regarded by interstate authorities as credit unions, being registered as "foreign credit unions". . .

We doubt this, and no-one has come back to comment on Sir Maurice Byers' comments there. Does the Leader of the House have any legal opinions on this? For example, United Credit has a branch in Victoria. Can it operate over there if it becomes a financial society? We believe not. The facts should be given on this, rather than allusions being made to "applications will be made". Before these changes are made, these answers should be given. The letter further states --

> As to whether a financial society would be registered as a foreign company without first obtaining an interstate Registrar's certificate, we are advised that reciprocal State registration applies only to classes of bodies corporate which are first recognised by the processes established under the Co-operative National Companies and Securities Scheme.

As I have said before, this must be considered. It cannot be done in isolation as one bit of legislation.

The federation again queries the Leader of the House on aspects of the proposed repeal of those sections of the Act limiting deposit rating to members, and indicates that by virtue of clause 38(b) the provision will apply to both institutions. For two years members of the federation, locally and nationally, have been trying to secure uniformity in State credit unions Acts. If this legislation is passed making our Act different from the other State's Acts, it would break up the opportunity to have uniform legislation in all States.

I quote as follows --

> Registrars from most States and Territories have been meeting with AFCUL for several months in pursuit of this goal, though the Western Australian authorities have not yet participated in these meetings. Even so, copies of relevant papers have been sent regularly to the W.A. Registry.
>
> At present, all participating States, Territories and AFCUL have agreed that resolution rests upon a common approach to membership definitions. All parties recognise that if this can be achieved then States and Territories will be less inclined to adopt regressive, protectionist policies in the area of interstate registration.

The credit unions are determined to keep this as a cooperative system; they believe that is the most important thing. Once we start moving towards financial societies we start to change the whole ethos and style of operation of credit unions. They were introduced as cooperatives, and once we change that we destroy the whole ethos of the operation of credit unions so that they are no longer cooperatives with people working together.

The Leader of the House referred to the Campbell report, saying that it approved unrestricted deposit taking. The report also recommended that credit unions should be free to borrow on whatever terms and from whatever sources they wish. However, a caveat not included in the Leader of the House's speech was that to the extent that credit unions depart from the mutuality principle, their tax treatment would need to be reviewed. I brought this up last week, and do so again now to challenge the Leader of the House. One would hope that before he introduced this measure he would have understood where he stood on this matter with respect to the Income Tax Assessment Act.

On fixed capital, the federation had this to say about the Leader's second reading reply --

> . . . it is implied that opposing the creation of financial societies is the same as opposing the issue of fixed capital raising by credit unions. This is not so.

The Federation of Credit Unions agrees with fixed capital; it does not believe it is necessary for a body to be called a financial society to have fixed capital, which seems to have been implied by the Leader of the House. I quote further as follows --

> In meetings with the Working Party our Associations have consistently supported the issue of fixed capital by credit unions if they so elect. As recently as July, after issue of the first draft of the Working Party's report, I wrote --

This is Mr Loughlin. To continue --

> -- to the Registrar in these terms:
>
> > "The Interim Report recommends that credit unions adhere to acceptable standards of capitalisation and proposes to offer optional means of achieving the standards. Of itself this step is not objectionable; it is highly commendable and long overdue in Western Australia.
> >
> > "The next step is to offer to credit unions as one such option, the choice of issuing fixed capital, allowing a trading market in these equities, allowing one person or a related group to acquire up to, say, 15 per cent of such issued capital, and allowing proportional voting to attach to these levels of shareholding.

Members will recall that last week I mentioned United Credit Union Ltd, which was issuing up to $7 million in special classes of shares to its members only, and it talked about a market being available for these shares -- the market of the shares they could transfer from one to the other at a fixed rate of interest, and with bonuses which could be paid, which would increase the value of the shares, and which could make it more attractive if someone wanted to sell his shares to someone else or just sell them at par.

I continue with Mr Loughlin's letter to the registrar --

> "This step is not intrinsically objectionable, although the notion of trading in equities is foreign to Australian (but not European) credit unions. Again, we support the Working Party's proposal to provide the maximum number of feasible options to improve capital adequacy. Credit unions should have this option.

There might be more. I think United Credit has a slightly different way of raising fixed capital with the non-withdrawal of shares we are talking about now, but I think the principle is still the same. To continue --

> "The Working Party's presumption is that the organisation remains a financial co-operative in general and a credit union in particular. We maintain, that by definition, it can be neither once it has relinquished the principle of voting equality (one member-one vote) and replaced it with the principle of voting in proportion to shareholding.
>
> "Accordingly, we maintain that a credit union which chooses this option ceases to be

> a credit union, must be given different legislation and a different name, and ceases to qualify for the privileges of credit union status."

Further on in this submission by the federation we find the following, referring to the Leader of the House's speech --

> In your reply speech you said that the proposals of a solvency support or Reserve Fund and a Reserve Board were first brought to the attention of the Government on Monday of this week.
>
> I should advise you that these proposals were first put before the Western Australian authorities years ago --

He indicated that if they had been attended to then they would have been working together with the other States of Australia. He then indicated other recent occasions on which the proposals were put before the Government, and I quote as follows --

> November 1986 - the published report of the 1986 Credit Union National Planning Council, at which State Associations resolved unanimously to press for Reserve Fund protection in all States and Territories;
>
> March 1987 - a draft submission to the Working Party prepared by AFCUL and provided to the current Registrar at the time he assumed his new duties.

That relates to a reserve fund and a reserve board to look after it.

The federation is very keen that the legislation should not stop any further credit unions from being formed because of the lifting of the base figure from $1 million to $5 million, which represents a very drastic step. It will now be exactly the same amount to be found in the Building Societies Act. Building societies deal with much larger loans -- first mortgages on houses, etc. -- and $5 million would not go very far in the business they are conducting. As I mentioned last week, 28 per cent of credit unions in Australia have $1 million or less capital, and 33 per cent -- 40 of 122 -- credit unions in Victoria have less than $1 million in capital and are trading in a satisfactory manner, because they limit their trading to their members on a cooperative basis. The New South Wales legislation provides that credit unions cannot provide commercial loans. If, as this legislation will allow, we see credit unions providing commercial loans, we will see that $5 million will not be anywhere near what is required. But if we keep credit unions as part of the whole deal of being cooperatives helping their members and providing limited loans, they can operate successfully. Teachers Credit in New South Wales provides unsecured loans to a maximum of $15 000. The Opposition and the federation of credit unions believe that the Minister must have some very good reason for wanting to lift this figure from $1 million to $5 million of non-withdrawable shares to fixed capital.

Hon J.M. Berinson: That is only with new credit unions.

Hon MAX EVANS: But the legislation will stop any new credit unions being formed when there might be good reason for new ones to be formed. But they will not be able to be formed if they must get together very quickly $5 million of non-withdrawable capital. The Teachers Credit Society was only running at about $8.5 million, although $3 million of that is revaluation of assets, so the capital and reserves are only $5 million and it has taken a long time in a big business to get that far. It is unrealistic to expect a new credit union to have $5 million of non-withdrawable capital 30 days after being formed, because a lot of credit unions work on a completely honorary basis, and with $1 million they can provide a very worthwhile service. These credit unions bring together a lot of people in businesses and in unions to enjoy each other's company, to work together, and to help each other. This has always been part of the ethos of credit unions. Mr Metaxas, the Leader's adviser, can tell him that credit unions are different from building societies. Building societies are there for one-off loans; a person can come in and get a loan and sit back and enjoy it for some years.

Sitting suspended from 6.00 to 7.30 pm

Hon MAX EVANS: Prior to the dinner suspension I was concluding my remarks about the requirement for a credit union to have $5 million of non-withdrawable capital within 30 days of its formation. That is an unrealistic requirement, and it puts an embargo on any credit union being established in this State. Credit unions in this State are not formed for the likes of me or my friends, but many people find a great deal of comfort having credit unions work

for them. The money is available when it is required, and people usually have an interest in how the credit union is using their money. For that reason it is sad that the Government is proposing this blanket decision on both Bills. I said earlier that the Government was considering one piece of legislation for both credit unions and building societies. However, commonsense prevailed and it decided to have separate legislation, and I do not know whether it was at that stage that it was decided to have this requirement in both pieces of legislation. I have already mentioned that 33 per cent of the credit unions in Victoria have $1 million or less capital, and in Australia as a whole, about 28 per cent of credit unions have $1 million or less capital. We are talking about an increase to $5 million capital for new societies. Most existing societies do not have that amount of capital and do not have fixed non-withdrawable capital. In other words, a new building society or credit union will be locked into a requirement which is far greater than the requirement of an existing credit union or building society.

The Leader of the House has already mentioned, by way of interjection, that the existing credit unions and building societies will not have to comply with this requirement, but all new credit unions or building societies must comply with the requirement. It is unfair that this should apply. I hope the Leader of the House will comment in this regard during the Committee debate. I will be pleased if he can prove that I am wrong.

The Australian Federation of Credit Unions Ltd advised the Minister as follows --

> We fail to understand, however, why the Bill has not been further amended to allow Western Australian credit unions to access the industry's national liquidity support scheme. At this particular time, with liquidity pressures mounting in both a trading and merchant bank in Western Australia, we would have thought that the Government would fully support the participation of credit unions in the industry's national liquidity support arrangements.

I might add that it is probably too late. If that occurred there probably would not be much support for the scheme which has been set up. Last Thursday I could not put my hands on information which shows that the Government is rushing into this legislation. I am sure that with closer scrutiny of the legislation by interested groups, the situation would be different. Hon Neil Oliver proposes to move an amendment to clause 11A on page 23 of the Bill.

Hon J.M. Berinson: I think it is fair to say that the Government accepts his proposal.

The DEPUTY CHAIRMAN (Hon John Williams): Order! I must insist that for the passage of this Bill the honourable member speaks to each clause as we come to it. The matter he has just raised does not come within the ambit of the short title, because he nominated the clause. I hope he understands what I am saying.

Hon MAX EVANS: Mr Deputy Chairman, I accept your comments.

The Opposition accepts that there must be a need to rush this legislation through the Parliament. However, it has shortcomings and they must be looked at carefully. I hope that the Government will accept some of the Opposition's amendments which will be moved during the Committee stage. This legislation is in the interests of good business in this State.

A comment was made to me earlier about whether I really wanted to go on with this legislation. I have made the point before that when I speak in this Chamber I speak only about matters in which I believe. I do not speak for the sake of speaking. I believe this legislation should be improved, and it is the Opposition's job to make the necessary amendments.

Hon J.M. BERINSON: We normally apply a degree of flexibility to the range of debate that is permitted on clause 1, but with due respect to Hon Max Evans, I must say that this is the first time I have heard clause 1 used as the reply to the reply to the second reading speech. I do not complain about that, but I do not intend to follow the pattern either. I believe it would be preferable to take the particular issues as they arise and deal with them in a concentrated fashion.

I will make only two preliminary points. First, Hon Max Evans referred to letters circulated by 15 credit unions in this State. I have received copies of those and, of course, their opinions have to be respected. On the other hand, as I understand it, those 15 credit unions represent something like 40 per cent of the industry's assets in Western Australia. We have a

division of opinion among credit unions. At the end of the day someone must resolve that. In this case it is up to this Parliament.

Two issues will emerge time and time again. I will do no more than mention them now. The first issue relates to the capacity to establish financial societies and the second relates to the industry proposals for a reserve fund. From the Government's point of view, the proposals for financial societies are crucial to the legislation to the extent that the Bill without financial society provisions would hardly serve any worthwhile purpose. So far as the reserve fund proposition is concerned, I repeat a comment I made during the second reading debate. The Government is amenable to that idea, but it has only come forward at a very late stage. I repeat the indication I have given previously that the Government would be prepared, in association with the industry, to look again at this reserve fund proposal, but at a time which follows the passage of this legislation and not at this stage.

Hon NEIL OLIVER: I do not want to prolong this debate on the short title, but I want to make my point quite clear. There is no substitute for the lack of supervision. I have already mentioned this to the Leader of the House, who never commented on it in his very comprehensive, detailed and excellent reply to the second reading debate. Without paying too many compliments, the Leader's second reading speech was the best I have heard since he came to this House in the role of Minister.

Hon J.M. Berinson: That is called damning with faint praise.

Hon NEIL OLIVER: One should always give praise when it is due. There is no substitute for supervision. At the same time I am concerned about the growth in the powers of a single person in the registrar.

The DEPUTY CHAIRMAN (Hon John Williams): Order! I do not know how the member can relate to the short title something which is to come up in a later clause. I was willing to allow Hon Max Evans to explain at length on the short title in order that the Leader of the House and his advisors would be able to provide adequate replies later. I think the member is straying from the short title.

Hon NEIL OLIVER: Thank you, Mr Deputy Chairman. I felt that the Leader of the House, in his detailed speech, responded incorrectly, because I had indicated that I felt there should be a broader and greater control, if necessary in the form of a registry such as the board of the Reserve Bank or a commission. I was therefore surprised that he included me in his remarks as though I had acquiesced to that proposal, which I could not do. I will no doubt have an opportunity at a later stage, but I do not want that opportunity to pass without making it quite clear where I stand.

There have been problems in the past, and this measure has stood the test of time. I find great difficulty in following his comments in that very detailed second reading reply as a result.

Clause put and passed.

Clause 2: Commencement --

The clause was amended, on motion by Hon J.M. Berinson, as follows --

Page 2 -- To omit the clause and insert the following clause --

Commencement

2. This Act shall come into operation on such day as is, or days as are respectively, fixed by proclamation.

Hon H.W. GAYFER: We have not had much explanation of this, nor does it need much explanation. I should imagine the purpose is to allow the Bill to come into operation when it is the desire of the Government to bring certain parts or the whole into being rather than immediately upon the Governor's assent.

Hon J.M. Berinson: That is correct.

Hon H.W. GAYFER: It would appear that portions of the amended Bill will be assented to.

Hon J.M. BERINSON: I did not speak to the amendment because it is in a very standard form. It is really required in a Bill which covers as many subject matters as this. Just to give one example of a part of a Bill which might take further consideration, I refer to the proposal

for a levy on building societies, the details of which have not yet been finalised with the industry and could well take some time for further discussion before that part of the Bill is proclaimed. Another possibility relates to the new provisions for calculating bad debts. It has been suggested that it may be desirable to allow that to come into operation from the beginning of the new financial year, or at some particular date. It is in order to accommodate that sort of consideration that this amendment was proposed.

Hon H.W. GAYFER: The Leader of the House said that some facets of the Bill may need further discussion with the industry. The Government may want to consult with the industry. I was interested in what Hon Max Evans said, that the first draft of the working party's report was agreed by all members of the working party and was completed in July 1987. The report goes on at some length, which makes me feel that the members of the Australian Federation of Credit Unions seemed to hint there was a little undue haste in bringing this into being. The Bill was introduced on 13 October and had not been seen by the credit union until 14 October.

Hon Max Evans went to great lengths to read out 15 credit unions which supported some if not all of his amendments. If the Leader of the House intends a Bill to go through this Chamber and to be proclaimed portion by portion -- and that is what this amendment does -- the homework has not been done as far as acquainting credit unions with what is likely to happen. This will clearly show that full consultation has not taken place.

Hon J.M. BERINSON: With due respect to Hon H.W. Gayfer, that is really reading much more into it than is warranted. This sort of clause is used every day of the week, and I suppose the most common example of that is in the situation where it is necessary before certain parts of an Act operate to draft and promulgate regulations.

What I am talking about here in relation to the levy is the detailed administration of the scheme, not the principle. I am assured that there is no question about the levy itself, its having been the subject of prior consultation with the industry; but at the end of the day we must decide on the formalities and the means of administration. That may not take more time than it takes to prepare this Bill, but this amendment is to protect the situation against the need perhaps to delay a great majority of the Bill if it is found that single items like that do take a little longer to finalise.

Hon H.W. GAYFER: I accept the explanation, but the Leader of the House must forgive me for being just a little apprehensive when suddenly a major part of the Bill is changed. If the Leader of the House had that in mind to start with, why did he not include that wording? Then I do not suppose anyone would have raised a query because, as the Leader of the House has said, it is common parlance. But when he changes it halfway through it is like changing a jockey around the back straight behind a bush. There is a good reason for doing that.

Hon J.M. Berinson: The reason is that one put the wrong jockey on in the first place. The situation here is that we put the wrong clause in.

Hon H.W. GAYFER: I see, the Leader of the House is admitting to the fact that he needed to change it.

Hon MAX EVANS: I am very glad that Hon H.W. Gayfer raised this point because I was too young and innocent to ask what that meant. That leads me to a paragraph I did not read out earlier in the letter from Mr Loughlin, which reads as follows --

> Mr Edwards then claimed that the reason for haste is that the Government must be seen publicly to be doing something following a period of "government by press release". After advising the delegation that he spoke authoritatively for the Government, Mr Edwards suggested that the Government will even consider not proclaiming the Bill, or unspecified parts of it, once it is enacted.

Kevin Edwards said that to those people last Monday. I understand that is happening to this legislation coming through now. A minute ago the Leader of the House said that this happens quite a lot, when there is an Act and they change the regulations. But here we are talking about changing the Bill itself, not the regulations. Could the Leader of the House please explain the modus operandi whereby some parts of this Bill will go through and others will not? That is different from saying there is a difference between the Bill and the regulations.

Hon J.M. BERINSON: I really do not know how far I can take the discussion, other than to say that in a large Bill with many different provisions we do need the flexibility which this amendment provides. In relation to the regulations, for example, it really is quite common --

Hon Max Evans interjected.

Hon J.M. BERINSON: No. I think Hon Max Evans was saying he could understand some delay with regulations, but what we are looking at here is an amendment to the Act itself. Of course that is what we are doing. However, that is not the point I was making. My point is that many Bills require regulations in order to implement some aspect of the provisions, and it is very common practice that if those regulations take any time, we proclaim other parts of the Bill that do not require the regulations and go ahead preparing the regulations and the enactment of the reserved clauses at the same time. So, if I may say so, this ought to be about the least contentious of the amendments we have. It is purely a machinery matter.

Hon MAX EVANS: The point was made a little while ago that some parts of the Bill would be proclaimed and other parts may be proclaimed later. Presumably if those parts were to be amended they would come back to this Chamber. Is that what the Leader of the House is saying?

Hon J.M. BERINSON: No, that is not what I am saying. Perhaps I am not sure what the question is. All I can say is that if there is to be an amendment to the Act, that will take a new Act.

Clause, as amended, put and passed.

Clause 3 put and passed.

Clause 4: Section 5 amended --

Hon J.M. BERINSON: I move an amendment --

> Page 3 -- In paragraph (d) of the clause, to delete "the amount subscribed" in the definition of "non-withdrawable" and substitute the following --
>
> > any of the amount subscribed other than an amount subscribed in excess of the nominal value of the shares

This is a technical amendment which provides for the issue of bonus shares and is made at the request of the industry.

Hon NEIL OLIVER: Referring to the bonus shares and the requirement to increase the capital, was any consideration given by the working party to the likelihood of building societies actually seeking share capital through public listing on the stock exchanges?

Hon J.M. BERINSON: Yes, and the recommendation of the working party was that public listing be permitted with the approval of the Minister.

Hon NEIL OLIVER: So there is a likelihood that by application to the Minister building societies will be able to seek public listing and therefore, perhaps, they could raise their capital rather than move through the very difficult programme that the Bill sets over a triennium?

Hon J.M. BERINSON: The earlier question put to me by Hon Neil Oliver was whether this proposition had been considered by the working party, and I answered that it had been. However, the recommendation of the working party on this matter has not been included in this Bill.

Hon NEIL OLIVER: I ask the Leader of the House whether it is well supported by the majority of the working party and whether it is likely that the Government will consider this in future legislation. The Leader of the House has already indicated the likelihood of approval being granted by the Minister. Does that mean it may well come forward by regulation?

Hon J.M. BERINSON: My understanding of the position is that this recommendation was neither approved for inclusion in the Bill nor rejected as a proposition; in other words, it remains a question open for further consideration. The Government has not taken a stand against that possibility, but it has not moved to implement it at this stage in this Bill.

Hon NEIL OLIVER: Due to the liquidity and the capital structure of building societies over

this triennial transitional period, this will be a very complex issue and I will speak on it later. I cannot understand the reason for the words "triennial period". I believe it would be better to say "at the conclusion of three years".

This would be an appropriate time to deal with this matter -- it would achieve what the Government is setting out to achieve with regard to that capital base and the Government would have the safeguard of ministerial approval. We always safeguard ourselves when dealing with legislation by allowing for all eventualities. In view of the complexity of the legislation, I thought this was a good opportunity to include this proposal. I have not drafted a proposal along these lines, but it would certainly give the flexibility the Government is looking for instead of a cumbersome transitional period involving different classifications of shares. I am anxious for that proposal to be included in this review of major legislation.

Hon J.M. BERINSON: This can only be regarded at this stage as a matter left open for further consideration, and I cannot take that further. However, I am advised that a five-year period is acceptable to the industry, as is the provision for fixed capital capable of being transacted on an informal basis rather than through formal share lists.

Hon NEIL OLIVER: Could the Leader of the House give some indication that the Government will consider this and that there is a likelihood of an amendment being made in this area?

Hon J.M. BERINSON: The Government would be prepared to consider it, and certainly if proposals were put to it to that effect by the industry. I cannot go beyond that in terms of degree of likelihood.

Amendment put and passed.

Hon NEIL OLIVER: I oppose the proposal to amend section 5 by deleting the definition of "Advisory Committee". I know that the advisory committee had a very profound influence when there were 12 or more societies. Of course, the terminating building societies were also represented on that committee. The committee has stood the test of time in very difficult periods, including credit squeezes which placed some building societies in Western Australia in perilous circumstances. I will not allude to those building societies. Through the use of this advisory committee we have seen an extremely high growth in the number of building societies in Western Australia. That growth has outstripped any other State, apart from New South Wales. We saw that growth occur without any hiccups, although many people in other States looked at Western Australia and asked when it was going to happen. It did not happen, and I believe that in many cases it was due to the existence of this advisory committee.

We are now down to four or five building societies. This legislation is moving towards increasing the discretionary power of the registrar, which is somewhat contrary to the Government's point of view because it has talked about a deregulated system. It has talked about the Campbell and Martin reports, and all that went before, yet under this system we have had the check of this advisory group which could take an independent role. It is an unsatisfactory situation where on one hand we are giving the registrar an enormous amount of individual power which has not been included in the Act before, and it has yet to be proved whether it will stand the test of time. On the other hand, a group of people has been advising the registrar and this has worked very well.

One only has to look at what the Premier did over the weekend when a problem arose in relation to another matter. He sought the advice of a number of advisers and brought them together and worked out a way of supporting another body. To go on the track of giving the registrar all this individual discretionary power and removing the role of the advisory committee when we have a much more complex financial industry brought about by deregulation in this State is unwise. In the Minister's own words, these building societies are involved in many more activities and services, and it would be disastrous to move away from a situation which has stood the test of time. I am not aware of the last occasion when a situation like that of the Swan Building Society arose. I do not know whether any other member can tell me; perhaps the Minister will advise me when he replies.

The advisory committee has not been used in the last six to eight months, and I understand it has had virtually no role to play. However, at times when it has had a role to play that committee has seen Western Australia go through the largest growth in the number of

building societies in the nation without a hiccup. That occurred despite all the pressures of credit squeezes and everything else that has gone before.

The DEPUTY CHAIRMAN (Hon John Williams): We have made one amendment in this clause already, and Hon Neil Oliver's amendment appears before that amendment and therefore cannot be allowed.

Clause, as amended, put and passed

Clauses 5 to 10 put and passed.

Clause 11: Part IV repealed and a Part substituted --

Hon MAX EVANS: I move an amendment --

> Delete "financial society", "credit union" and "Credit Unions Act 1979" wherever occurring.

I request an explanation from the Leader of the House, who said earlier that financial societies are being brought in under the new legislation. We are now looking at building society legislation, but there is reference to the words "financial society", "credit union", and "Credit Unions Act 1979". I seek an explanation as to why these aspects are involved here. I know we had joint legislation before, but why are these matters being brought into this Bill? The Leader of the House's amendments are bringing these matters into the definitions in the parent Act.

Has the Leader of the House got something in mind whereby a credit union and a building society may be merged? Is that possible? Is that what he has in mind in including these matters in building society legislation?

The DEPUTY CHAIRMAN (Hon John Williams): I find myself in some difficulty having read the clause and sought advice in so far as the honourable member's move to delete the words "Credit Unions Act 1979" wherever occurring may be all right when we get to clause 26 which deals with the definition of a credit union, but it makes a nonsense if we delete it from the interpretation of "special resolution". I am not suggesting that the member should not speak, but that in a later clause the deletion of those words will make a nonsense of the definition.

Hon MAX EVANS: I accept your ruling, Mr Deputy Chairman. Before I withdraw my amendment, I would still be interested in the Leader's comment as to why these matters are brought into this Bill.

Amendment, by leave, withdrawn.

The clause was amended, on motion by Hon J.M. Berinson, as follows --

> Page 16 -- To delete the proposed subsection (3) and substitute the following --
>
> > (3) Before submitting a proposed direction for the approval of the Minister under subsection (1)(a) the Registrar shall give to the proposed transferor and transferee societies, and any other person whom the Registrar may consider entitled to be heard, an opportunity to be heard at such time and place and in such manner as the Registrar thinks fit.

Hon NEIL OLIVER: I move an amendment --

> Page 20, lines 21 and 22, section 29G(1)(b) -- To delete "and the party taking control".

Hon J.M. BERINSON: I understand that the object of both of Hon Neil Oliver's listed amendments to clause 11 are now covered by the amendment that was passed and the amendments still to come.

Hon NEIL OLIVER: I do not accept that proposal. I believe it would be unreasonable for the registrar to direct a corporate body to take control of a company that is experiencing problems. It comes back to what I said earlier about the control of the registrar. I believe it almost breaches the Companies Code. That action could be detrimental to members or to its depositors.

Hon J.M. BERINSON: This provision does not give unfettered and arbitrary powers to the registrar. In the first place all of the powers are subject to the proviso in the preamble

requiring ministerial approval. Secondly, the amendment which I have listed will require that, before giving such directions, the registrar is obliged to hear the transferee party and to ensure that anything that that party wishes to put is considered. It is not just a question of the registrar going on an unrestrained frolic of his own; it is a matter of his acting within proper limits and subject to that further approval.

Hon NEIL OLIVER: What the Leader of the House is putting is in total contrast to that to which I have referred and, in fact, contrasts with what the Leader said in the second reading speech. He proposes a later amendment that will allow the registrar to make a decision in such a manner as he thinks fit.

In my opinion, that is placing a society, the members of its board, its depositors and shareholders in a situation where they are being directed from outside their own control. The directors of a society or a corporate body are required to be responsible for their actions. If the circumstances were such that the directors said, "No, we regret to say we cannot be a party to taking control," that is a decision they must make. I do not know whether we would be able to get any persons to serve on boards of directors if they were to be placed in a situation where they were to be told that a society is in difficulties over there and they were directed to take control of that society. Such a situation is totally unacceptable and unreasonable.

We are getting down to only five or six building societies in Western Australia, so there are not many targets left and there are not many parties which can take control, so it is going to get to a point where the registrar will consult with the Minister, and the registrar will come along and stand over a society and say, "You are going to take control." That is totally unacceptable in private enterprise, and I do not know whether any of my other colleagues here would disagree, but I think they would agree with me that it would not happen in any cooperative or corporate body that an outside person can direct that body corporate, which has a structure of directors and shareholders and depositors, to take on the responsibilities of what may be an millstone around the neck of that corporate body.

I do not know in what position that situation would place the directors. They may well be in breach of the Companies Code. It would be necessary to examine the Companies Code to see where the directors' liability rests in this situation. I do not think we can legislate in this way. I believe the Companies Code will not allow us to introduce such a provision, and I would be interested to obtain legal opinion on that.

Hon MAX EVANS: The words of the provision are --

> . . . the Registrar may with the approval of the Minister --
>
> (b) give the target society and the party taking control such directions as the Registrar considers necessary.

The amendment we are talking about only refers to "before submitting a proposed direction for the approval of the Minister under subsection (1)(a)". It does not even mention subsection (1)(b), which Hon Neil Oliver is talking about, unless I have misunderstood the legislation. Hon Neil Oliver is only putting the registrar's power in subsection (3) in respect of subsection (1)(a) and not subsection (1)(b).

Hon J.M. Berinson: I think it is amendment (G) on page 21.

Hon MAX EVANS: Hon Neil Oliver's amendment is under (1)(b), and the amendment on page 21 to subsection (3) is under (1)(a), so the original interpretation of (1)(b) still stands.

Hon J.M. BERINSON: The amendment affects subsection (1)(a). Subsection (1)(b) provides a power to give directions when action is taken under subsection (1)(a). The ability to take action under subsection (1)(a) is modified by the amendment which requires these consultations to occur first. Subsection (1)(b) can only function on the provisions of subsection (1)(a), and subsection (1)(a) cannot function without the provisions that the amendment introduces.

The DEPUTY CHAIRMAN (Hon John Williams): If members read page 8 of the amendments, although I said we would deal with (E) separately, if one reads amendment (G) on page 8, which is "To delete the proposed subsection (3) and substitute the following subsection", it is saying that subsection (3) triggers subsections (1)(a) and (1)(b), and subsections (1)(a) and (1)(b) cannot be triggered unless subsection (3) is in place. On page

20 of the Bill, section 29G, subsections (1)(a) and (1)(b) cannot be triggered unless the Leader's amendment to subsection (3) is in place.

Hon NEIL OLIVER: I cannot accept that because I also have an amendment to subsection (3) standing in my name, and I do not see subsection (3) as a trigger mechanism; I just see it as a series of steps where we have step (a) which entitles the party taking control to cast, or control the casting of, more than 50 per cent of the maximum number of votes that might be cast, and I can understand that because that is the mechanics of it. However, what I am talking about is compliance or willingness to be a party to this contractual takeover arrangement, and if one is not a willing party to it, what is the essence of spelling out "by a person or 2 or more associated persons"?

Subsection (1)(a) will always apply if, for example, there is a person prepared to take over. I am saying that one cannot direct one of the parties to take control. Subsection (1)(b) also gives the mechanics of it, but what is contained in subsection (1)(b) is a mandatory direction, subject to the registrar making that decision.

Hon E.J. CHARLTON: As I understand it, in section 29G, after establishing what is in subsection (1)(a), subsection (1)(b) says, "give the target society and the party taking control such directions", and the problem as I understand it is that the industry considered that the provision in subsection (1)(b) referring to "and the party taking control" should not have been in subsection (1)(b) because subsection (1)(a) establishes that --

Hon Max Evans interjected.

Hon E.J. CHARLTON: Having explained that, I made the point during the second reading debate that subsection (1)(a) establishes that the party taking control would be entitled to cast or control the casting of more than 50 per cent of the maximum number of votes, and so on, and subsection (1)(b) could go on to say, if we left out "the party taking control", "and give the target society such directions as the Registrar considers necessary in relation to the issues of the shares directed under subsection (1)(a)", which then makes sense. I cannot see why we cannot accept that argument.

Hon J.M. BERINSON: I confess that I have been having difficulty in getting to grips with the perceived problem. I have now concluded that Hon Neil Oliver and other members are reading too much into section 29G subsection (1)(a). As I understand Hon Neil Oliver, he contemplates a situation where one society is in difficulties and is required to issue shares to another company. He goes on from there to contemplate further that same power either under paragraph (a) or (b) of proposed section 29G(1) requires the transferee company to accept those shares, whether it wants to or not. I think I am right in saying that is the argument.

Hon E.J. Charlton: Because the registrar has directed him to do so.

Hon J.M. BERINSON: I think from the interjection I can take it that at least my summary of the perceived problem is somewhere along the right track. The problem with it is that it is reading too much into proposed section (1)(a), which says that the registrar can direct the target society to issue shares -- that is, from the transferor company -- but nowhere does it say that the registrar can direct the transferee company to take up the shares. The direction is on only one of the companies; it is only on the company that is in trouble and is going to be absorbed, taken over or amalgamated in some way. There is nothing here to give the registrar power to direct the transferee company, which is described here as the party taking control, to accept the shares.

Hon Max Evans: He doesn't have that power.

Hon J.M. BERINSON: Hon Max Evans does not believe he has the power and I am saying he does not have the power because the Bill does not say anywhere that he has the power to direct any company to take up the shares. The Bill says that he can direct the target society to issue shares to the party taking control. In that context this can only mean a party taking control as a result of its own decision. It is taking an initiative or it might be just agreeing to participate in a scheme which will end up taking control, but it is a party taking control; it is nowhere suggested that it is a party directed to take control. The registrar does not have that power. In that context one can look at proposed subsection (1)(b) and will find that one is only dealing with directions going to the technicalities of the associated issues arising from the primary discussions.

If I understand the problem correctly, I put it to the Chamber that the answer is to be found in a perception of new section 29G(1)(a), which is not supported by the words.

Hon NEIL OLIVER: The Leader of the House is trying very hard, but overall I must come back to the fact that irrespective of whatever party is taking control and so on, when one comes back to proposed subsection (1)(b), one finds it gives the target society such directions as the registrar considers necessary in relation to the issue of shares directed under proposed paragraph (a). That should be it.

Hon J.M. BERINSON: This is the converse of what I put before. Can the member point to any part of this clause which gives a registrar power to direct a party to take control that it does not wish to take?

Hon NEIL OLIVER: I am still not satisfied, because there are ways of bending arms around here, and I have seen some arms bent between the time this legislation was dealt with on Thursday and the way in which it is being dealt with now. I have already alluded to this ministerial registrar and the lack of an advisory board. I am at a loss to understand why it is necessary that the registrar should give directions to the party that is taking control. This has already been laid down in paragraph (a) and I can see no further directions necessary to be made by the registrar to the party taking control. Surely this must be an issue of cooperation. However, the Leader of the House is talking about deregulation yet in paragraph (b) I would have thought that it was the target society that must receive the directions and this would be with the cooperation of the party taking control -- that is, with the registrar cooperating and not wanting to give directions.

Hon E.J. CHARLTON: I suppose we are splitting hairs but does the Leader of the House think it is absolutely imperative that this has to be in the legislation in its present form? In paragraph (a) the registrar is given authority to do certain things. Having done that, he then goes on to give the target society certain directions but he does not have to give the party taking control certain directions. Is that the point the Leader of the House is making?

Hon J.M. Berinson: But it is difficult to imagine all the combinations of circumstances. It says here only "such directions". It only refers to directions that are necessary. That must relate necessarily to the orderly takeover.

Hon E.J. CHARLTON: Yes, but it seems to me that it is six of one and half a dozen of the other.

Hon J.M. Berinson: I would rather have the "six."

Hon E.J. CHARLTON: Probably the half-dozen is not worth "six" these days.

The DEPUTY CHAIRMAN (Hon John Williams): I point out to the Committee that should Hon Neil Oliver's amendments be successful, and considering that the Committee on page 16 has already passed amendment D to new section 29D(3) that is consistent with clause 29G(3), the Leader of the House will not be able to put his amendments at all because that would negate it completely.

Hon J.M. Berinson: Which one?

The DEPUTY CHAIRMAN : Under (D). The Leader of the House's amendment will not be able to be put because the wording will not be consistent in the proposed Act. We have already passed an amendment, which has the same wording, and there was no objection to the wording, "if he thinks fit" nor was there any question about the word "shall". Therefore the Bill would become inconsistent. I point that out to the Committee to help it and confuse it further.

Hon NEIL OLIVER: I feel that if one is a director of a society and is referred to a target society that is in difficulties and the registrar says to one, "With the approval of the Minister we want you to take over that society" --

Hon J.M. Berinson: But we are not directing you to take it over.

Hon NEIL OLIVER: It goes on to say "such directions as the Registrar considers necessary in relation to the issue of shares directed under paragraph (a)", which is what the Leader of the House is saying. I still want to know where does a director sit if the directions are not in accordance with the Companies Code? What actually happens? I have never heard of directors of corporate bodies being directed to do certain things in relation to a target company.

Hon E.J. CHARLTON: It is only if it is decided to go ahead. I know you are saying paragraph (a) is the manner in which it proceeds. If we have already concluded paragraph (a), what is the requirement for further direction? What other directions would there be if paragraph (a) is already in place?

Hon J.M. BERINSON: I cannot indicate what the directions are. I can say that they would be limited to necessary directions in terms of this new subsection. The important thing is, however, that the party taking control has that decision at its own discretion. Nothing here gives the registrar the power to do that. We are looking here at the situation of one group in difficulty and an effort to overcome that difficulty by one of various means outlined. The party taking control is not directed to take control -- it is agreeing to take control, but there is an area which I can only describe in the most general terms as involving associated directions where it could be helpful to firm up the arrangements. There is nothing to be lost in any of this. Hon Eric Charlton is right in saying that it probably does not matter all that much which side of the line one goes, but there is here a provision which contemplates the necessity for directions in certain circumstances and that ought to be accommodated.

Hon E.J. CHARLTON: The emphasis in paragraph (a) clarifies the situation sufficiently in directing the target society to issue the shares, which probably satisfies the point discussed with people in the industry.

Amendment put and negatived.

Hon NEIL OLIVER: I move an amendment --

Page 21, line 9, section 29G(3) -- To delete "may, if he thinks fit," and insert --

shall

I accept that this new subsection directly reflects on new subsection (1)(a). At this stage I do not know at what point we have the party taking control, or when any other person may be heard. Does this confirm that there is a party taking control? I think this is where the registrar exerts his influence on the party taking control, and sits in some form of conference arrangement.

Hon H.W. GAYFER: I do not understand Hon Neil Oliver when he said if subsection (1)(a) is accepted cooperatively, he would then use new section 29G(1)(a) as a hammer to direct further. If subsection (1)(a) has been settled cooperatively, why then should the registrar hear other proposals?

The DEPUTY CHAIRMAN (Hon John Williams): May I draw the attention of the Committee to the fact that the Leader of the House has also an amendment which appears on page 8 of the Notice Paper, that proposed subsection (3) be deleted and a substitution made. I cannot follow any objection a member would have because it seems to me that the Leader of the House is meeting those objections and substituting a completely new provision including the word "shall" which is requested.

Hon NEIL OLIVER: I was making certain that we follow each item as it comes forward, as you so diligently pointed out to me earlier this evening. Thank you, Mr Deputy Chairman, for drawing my attention to subsection (3).

Amendment, by leave, withdrawn.

Hon J.M. BERINSON: I move an amendment --

Page 21 -- To delete the proposed subsection (3) and substitute the following --

(3) Before submitting a proposed direction for the approval of the Minister under subsection (1)(a) the Registrar shall give the proposed target society and party taking control, and any other person whom the Registrar may consider entitled to be heard, an opportunity to be heard at such time and place and in such manner as the Registrar thinks fit.

Hon MAX EVANS: The words "thinks fit" are dreadful, and I am sure there must be better wording that could be used because at present the words allow for a very wide arrangement. I know members opposite in the Wellness Club "think fit", although they may no longer be able to afford it. But this is strange wording and there should be better drafting.

Amendment put and passed.

Hon NEIL OLIVER: I move an amendment --

Page 23, line 6 -- To delete all words after "approved", and insert --

the society is satisfied --

This fairly straightforward amendment is designed to show clearly that it is the society that must satisfy itself. I cannot see the purpose of saying the directors must satisfy themselves, because the directors are responsible under the Companies Code. What would happen if one of the directors was away?

Hon J.M. BERINSON: I had some difficulty following the logic that Mr Oliver was bringing to bear on this amendment. I suppose my real problem is that he seems to be arguing for the original drafting while arguing for his amendment.

Hon Neil Oliver: Don't you have another amendment similar to this?

Hon J.M. BERINSON: No. If we were to adopt the member's words and say that "if the society satisfies itself", that decision can only be arrived at by directors satisfying themselves. Why go the indirect route and call for the society to satisfy itself via a decision of the directors rather than adopting the clear words of the Bill that the directors must satisfy themselves?

Hon H.W. Gayfer interjected.

Hon J.M. BERINSON: The proposal is even worse than that, because if we look at section 5 of the Building Societies Act we find that the definition of a society is, firstly, a society formed and registered under the Act and, secondly, a society which was registered under the repealed Act. No reference is made to the directors. I put it to Mr Oliver that he cannot have a sort of disembodied society satisfying itself about anything. We can only have the directors doing it, and that is what the Bill requires.

Hon NEIL OLIVER: Is a society not a body corporate?

Hon J.M. Berinson: Yes.

Hon NEIL OLIVER: Then the body corporate must satisfy itself, and the directors are responsible for the management of the body corporate, or the society. Why does it have to be the directors and not the society?

Hon J.M. BERINSON: It has to be the directors because even on the member's version it must be the directors satisfying themselves. Hon Neil Oliver's version has it that the society must satisfy itself by the directors decision, but there is no society capable of making a decision independent of the decision of the directors.

Hon MAX EVANS: I thought the Leader of the House mentioned tonight that he had an amendment coming forward. I said last week that this provision was a very onerous one for the directors to comply with, and the Leader said he had an amendment to make to it. Now I am not certain what he meant. Does the Leader of the House think it is a fair requirement to put on directors of building societies?

Hon Neil Oliver: You interjected earlier to say you had an amendment.

Hon J.M. BERINSON: I cannot remember all my interjections, so I do not want to commit myself too far. Perhaps I will agree to the amendment I intend to agree to when I come to it, but we have not come to it yet.

But I seriously put it to Hon Neil Oliver that his own amendment is not pursuing his own argument. He acknowledges that it must be the directors who satisfy themselves and that is all we are talking about at this stage.

Hon MAX EVANS: I would like the Leader of the House to put it on record just why he believes the directors should be responsible for all these onerous provisions. I would be surprised if any clear thinking director would accept these as being reasonable. The Bill provides that a director must be able to satisfy himself that any person to whom financial accommodation has been given has and will continue to have income or other financial resources sufficient to provide for the fulfilment of his obligations. Big building societies like the Town & Country WA Building Society probably have as many as 100 of these arrangements going through each day. The directors would have to stand their senior staff in front of them and have them confirm every single transaction, otherwise the directors could

not satisfy themselves according to the requirements of this Bill. If they do not do that they could be hung, drawn, and quartered by the Leader of the House at some later stage. This is a very onerous clause and I would like the Leader of the House to explain how directors of the future are to be expected to comply with these provisions, especially directors of big building societies. I think these onerous provisions are absurd.

Hon J.M. BERINSON: Crown Law advice is to the effect that it would be sufficient to satisfy these duties if the directors ensured that the policies and practices of their respective institutions were such that they would limit the extension of credit to borrowers who were creditworthy; in other words, it is a matter of setting up a secure system rather than of ensuring the security of each individual borrower.

Hon MAX EVANS: That is a very broad statement. I am reading what is written in the legislation in respect of directors satisfying themselves with regard to this requirement. Some large commercial loans are involved. The repayment of debt is not always dependent on income, it could be dependent on the sale of assets. It is an onerous requirement to put on directors of large societies, irrespective of what the Crown Law Department believes. A similar requirement should have been placed on Teachers Credit Society.

The directors have to comply with those important requirements and time will tell whether the directors will comply with them or whether they will request an amendment to the legislation. It is wrong for them to have to carry on a business while ignoring this legislation.

Hon J.M. BERINSON: It is not intended that directors should be fixed with the responsibility of satisfying themselves on the creditworthiness of each individual borrower. I indicated that I was deliberately putting that on record, and I have put it that way for the purpose of attracting the effect of the Interpretation Act. I go further than that and say that as I do not have formal written advice to that effect available to me now, I am happy to undertake that when the Bill reaches the Legislative Assembly a formal opinion to that effect will be made available. If that cannot be secured, due to differing advice, then an amendment to make that decision clear will be arranged at that point.

Hon MAX EVANS: The Leader of the House has the original Act in his hands. I ask him whether the wording is similar to that proposed in this legislation or whether it has been changed. Perhaps there was nothing to that effect in the original Act.

Hon J.M. BERINSON: The reason I have reserved this question for later consideration is that the wording of the Credit Unions Act --

Hon Max Evans: You mean the Building Societies Act.

Hon J.M. BERINSON: It does not matter.

Hon Max Evans: We are talking about building societies.

Hon J.M. BERINSON: Basically, the approach is taken from the credit unions terminology, and this refers to the board or its delegate having certain beliefs. It is the absence of that phrase, "or its delegate", which leads me to say that we should look at this matter again and either refer to it formally for purposes of the Interpretation Act in the Legislative Assembly, or approach it in some way that would have that effect on them.

Hon NEIL OLIVER: I am happy with the undertaking given by the Leader of the House and, therefore, I seek leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Clause, as amended, put and passed.

Clause 12: Sections 32, 33 and 34 repealed and sections substituted --

Hon J.M. BERINSON: I move an amendment --

> Page 24 -- To insert after "provided" at the end of the proposed section 32(1) the following --
>
> > but a direction under this subsection shall not relate to the rate of interest to be payable

This amendment is to exempt interest rates from the authority of the registrar. It is consistent with existing legislation which makes no provision for such controls.

Amendment put and passed.

Hon J.M. BERINSON: I move an amendment --

Page 24 -- To insert before "sent" in the proposed section 33(1) the following --

given personally to that person or to be

This is a technical amendment and provides for documentation of loans to be forwarded to borrowers other than by prepaid post.

Amendment put and passed.

Hon J.M. BERINSON: I move an amendment --

Page 25 -- To delete "Registrar" in the proposed section 34 and substitute the following --

Minister

By way of explanation I might also refer, with your agreement Mr Chairman, to the purpose of the fourth amendment -- the third and fourth amendments go together.

These amendments limit the aggregate indebtedness of any borrower to 20 per cent of the prime net worth and requires the Minister to approve any borrowings in excess. Hon Max Evans referred to a maximum exposure of 10 per cent of capital generally observed by banks. The limit imposed on building societies has been higher because mortgage insurance has been mandatory. Adequate insurance would be a requirement for any exposures above 10 per cent, even though the requirement for ministerial approval will be imposed at 20 per cent of capital.

Amendment put and passed.

Hon J.M. BERINSON: I move an amendment --

Page 25 -- To delete "10%" in the proposed section 34 and substitute the following --

20%

Hon MAX EVANS: It seems that we are encouraging societies to get into commercial loans when we deal with figures of 20 per cent of the prime net worth. Banks have rules on amounts between 10 and 25 per cent. I appreciate that the Minister's advice will be necessary, and I hope that he has the opportunity to view the application.

It is important because 20 per cent is a high figure with regard to the net worth of any organisation, particularly building societies which do not have vast capital resources, and in most cases they do not have a very good fall-back situation. I know that originally they could lend up to 2.5 per cent of their gross assets. I do not say that that was any better, but 2.5 per cent of gross assets was wide open. Building societies have grown in recent years, and 2.5 per cent of the Town & Country WA Building Society would be a huge amount. It would bear no relationship to the capital. We now have a relationship to capital, which we call net worth, and that may or may not be better or worse than that 2.5 per cent of the gross assets.

Hon J.M. BERINSON: This amendment is at the request of the industry, and its case really rests on the requirements attaching to it to secure mortgage insurance.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 13 to 15 put and passed.

Clause 16: Section 42 amended and savings --

Hon J.M. BERINSON: I move an amendment --

Page 30 -- To delete "one-third" in the proposed definition of "the relevant percentage" and substitute the following --

One-fifth

This amendment phases in the new net worth requirement over five years instead of three years and is in response to a request from the industry.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 17: Section 43 inserted --

Hon J.M. BERINSON: I move an amendment --

Page 31 -- To insert before "except" in the proposed section 43(a) the following --

, other than by way of a bonus issue of non-withdrawable shares,

This amendment is consistent with the amendments to clause 4 in allowing the issue of bonus shares.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 18: Section 47 amended --

Hon NEIL OLIVER: I move an amendment --

Page 32, line 6 -- After "other than paragraph" insert --

(a)

I cannot see any reason why any society should not be able to invest funds under the law of the State in trust funds. I would like to know the reason why the Leader of the House wishes that to be deleted.

Hon J.M. BERINSON: May I point out that if we are to stay with Hon Neil Oliver's amendment, we will be staying with the scheme as originally drafted, and that is one which the industry opposes. The industry has expressed the view that it does not accept the desirability of the registrar's approval being required in advance for investments other than banks and bills of exchange. My understanding of the position is that their feelings in the matter would not be overcome by extending that to trustee investment. They would be left in the position that the other four forms of investment provided by section 47 of the Building Societies Act, would require them on each occasion to seek the registrar's approval. That is the first point to be made.

The second point is that the difference between the effect of adopting Hon Neil Oliver's amendment and mine is that the amendment which I moved would allow the registrar to set percentage guidelines as to the proportion of assets which could be invested in authorised trustee investments. Hon Neil Oliver's amendment would leave no restriction on that at all. In other words, as long as one were dealing with an authorised trustee investment one could put 100 per cent of one's funds into it. I am advised that Rothwells, for example, is an authorised trustee investment.

Hon Max Evans: Is it still?

Hon J.M. BERINSON: I do not know, but I would think so.

Hon H.W. Gayfer: You are not allowed to give an opinion because it is on appeal to the Treasurer.

Hon J.M. BERINSON: Subject to any contrary view by the Treasurer, I would think so. This very recent experience puts us on notice of the need for caution, even where one is dealing with an authorised trustee investment. One does not have to go far back to recall the TEA collapse, and that was in a form of trustee investment regarded as prime.

I oppose Hon Neil Oliver's amendment on both grounds. I suggest that we would be taking the more cautious line, and that preferred by the industry itself, to stick with the amendment which I have listed, which, as I understand it, can only be considered on the defeat of this amendment.

Hon MAX EVANS: Is the Leader of the House saying, in the new subsection (2), that the registrar will give a notice to each society of his own guidelines and rules as to the proportions which they shall invest, whereas his original amendment means they will require the approval of the registrar each time they go outside those guidelines?

Hon J.M. Berinson: No, there wouldn't be guidelines.

Hon MAX EVANS: Will they just have to advise the registrar?

Hon J.M. Berinson: Every time.

Hon MAX EVANS: There seems to be some confusion here. Hon Neil Oliver understands he is speaking on behalf of the industry, and the Leader of the House understands he is speaking on behalf of the industry. I return to a point I have made many times before in this debate, that the Leader of the House would have had much better legislation if he had talked to the industry when he got the first draft of his Bill in, and had it amended beforehand. A lot of the amendments which now have to be made only have to be considered because the industry was not consulted on the first draft. Things would be much easier if all of the Government's amendments had already been included and we were able to start with a clean Bill.

Hon NEIL OLIVER: There is a divergence. In the discussions I have had with industry it seems they have specifically asked for two provisions from the Government, that is paragraphs (cc) and (a). The Government has accepted the amendment relating to (cc) but disallowed the amendment relating to (a). Obviously the Attorney General must have had further discussions with members of the industry although as late as Friday I understand that they were pleased that the Government would accept amendment (cc) -- which it has -- and expected proposal (a) to be accepted.

Hon J.M. BERINSON: One of the problems is that we are not exactly talking about the same thing. It occurs to me as a possibility that on the one hand industry representatives may have said that if we are going to require prior approval from the registrar in each case, they want the exemptions expanded from (b) and (c) to include (a), whereas I am advised that the industry view is that it would rather not have prior specific approval on any of the listed investments and would prefer the reserve power. To that extent we are not talking about the same list of restrictions. In any event the amendments I have moved stand on their merits particularly with the reservations that ought properly be entertained even with authorised trustee investments, in the light of recent experience.

Hon NEIL OLIVER: The Leader of the House seems to have mistaken the meaning of "supervision". There is no replacement for supervision and I would have thought the whole thrust of this Bill was supervision. It appears the Government is attempting to place all sorts of requirements on the industry to ring and get approval, etc. In fact, the management is there and I feel the registrar has the responsibility to supervise. It is an undue restraint on a building society not to allow it to invest in an authorised trustee investment. The president, vice president and executive of the association conveyed that to me. I will let the matter lie.

Amendment put and negatived.

Hon J.M. BERINSON: I move an amendment --

> Page 32 -- To delete the proposed subsections (2) and (3) and substitute the following proposed subsections --
>
> (2) A society shall not in any way invest any portion of its funds pursuant to subsection (1) in excess of any limitation as to amount that the Registrar, by notice in writing given to the society, has imposed.
>
> (3) The Registrar may, under subsection (2), impose such limitations as to amount as he sees fit, which limitations may vary according to the term of the investment, the class or form of investment, the person or class of persons with whom the investment is to be made, or such other matters as he considers relevant.

This amendment converts the requirement for the prior approval of the registrar to a reserve power. Without this amendment, the provisions would be difficult to administer in practice. This is another amendment produced at the request of the industry.

Hon MAX EVANS: Does this mean that each society will be given notice in writing by the registrar using a different rule of thumb or will there be a standard rule for all of them? At present he may put a certain percentage in trustee investments and he may have a certain liability in respect of giving authority or approval. I am not certain whether the registrar is putting himself out on a limb as overall adviser on what portfolio of investments that group shall have. Will he set limitations or dollar values?

Hon J.M. BERINSON: This allows that advice from the registrar to be expressed either in proportions or in amounts.

Hon Max Evans: He may do one or the other?

Hon J.M. BERINSON: Yes, that is right.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 19 and 20 put and passed.

Clause 21: Section 53 amended --

Hon J.M. BERINSON: I move an amendment --

Page 37 -- To insert the following subsections --

(2) Where on 13 October 1987 the shares held beneficially by a person (in this section called "the relevant person"), together with the shares held beneficially by any person associated with that person --

(a) were a percentage of the subscribed capital on that day of the society (in this section called "the modified shareholding percentage") that exceeds 20%; or

(b) would have entitled the holder or the holders of those shares to cast or control the casting of a percentage of the maximum number of votes that might have been cast at a general meeting of the society held on that day (in this section called "the modified voting percentage") that exceeds 10%, then, subject to subsection (3) of this section, section 53 of the principal Act applies in relation to the holding of shares beneficially by the relevant person as if --

(c) the reference to 20% in subsection (10)(c) of that section were a reference to the modified shareholding percentage or 20%, whichever is greater; and

(d) the reference to 10% in subsection (10)(d) of that section were a reference to the modified voting percentage or 10%, whichever is greater.

(3) Where the operation of section 53 of the principal Act in relation to a person is modified by subsection (2) and, after the coming into operation of this section, that person commits the number of shares held beneficially by him to be such that those shares, together with the shares held beneficially by any person associated with him --

(a) are a percentage of the subscribed capital for the time being of the society (in this subsection called "the reduced shareholding percentage") that is less than the modified shareholding percentage, the reduced shareholding percentage shall become the modified shareholding percentage for the purposes of subsection (2)(c);

(b) would entitle the holder or the holders of those shares to cast or control the casting of a percentage of the maximum number of votes that might be cast at a general meeting of the society (in this subsection called "the reduced voting percentage") that is less than the modified voting percentage, the reduced voting percentage shall become the modified voting percentage for the purposes of subsection (2)(d).

This amendment has been requested by the industry and has the effect of ensuring existing proportions of non-withdrawable shareholdings can be held by existing shareholders despite the ownership and control provisions in the Bill. However, once the shareholdings are reduced they cannot be recouped. In a nutshell, this is a grandfather clause.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 22 put and passed.

Clause 23: Section 53A inserted --

Hon J.M. BERINSON: I move an amendment --

- Page 38 -- To delete the proposed section 53A and substitute the following proposed section --

> **Raising capital by share issue**
>
> 53A. A society registered under this Act may raise funds by the issue of shares but, in the case of shares of the class mentioned in section 53(1)(c), only with the prior approval in writing of the Registrar.

This amendment restricts the control of the registrar to the issue of non-withdrawable voting shares. The Bill requires the registrar's approval for all share issues, which is unnecessary and was a drafting oversight.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 24: Section 61 amended --

Hon J.M. BERINSON: I move an amendment --

> Page 38 -- To delete ", and the society shall not" in the proposed subsection (1) and substitute the following --
>
> > on conditions that are more favourable than those generally extended to members, and the society shall not so

This amendment requires board resolutions or special resolutions of the society for directors' borrowings which are outside normal terms and conditions.

Hon MAX EVANS: I would like a little further explanation of this. I am trying to understand how the amendment works. There is still the wording relating to other loans; does this override that?

Hon J.M. BERINSON: No, it supplements it. It carries further the provisions applying to loans so as to attach them also to financial accommodations by the society.

Hon MAX EVANS: So one cannot have benefits any greater than any other members? Does a director have to seek approval for other than a mortgage on his own home?

Hon J.M. Berinson: I cannot quite grasp the problem you are asking me to address.

Hon MAX EVANS: Clause 24 refers to a director who is a full-time officer of the society. Paragraph (a)(ii) refers to the financial accommodation to be provided other than on such security, except by special resolution of the society. Does that still apply?

Hon J.M. BERINSON: Yes, it applies, but only when the loan is outside the normal terms and conditions.

Hon Max Evans: Does it only come into effect if the loan does not comply with them? I have my doubts.

Hon J.M. BERINSON: I do not know if this will help, but in an effort to get this over, can I just read how this clause would go given this amendment? It would start off in subclause (1) by saying a director of a society shall not obtain the provision of financial accommodation by the society on conditions that are more favourable than those generally extended to members, and the society shall not so provide financial accommodation to a director. It then goes on to page 39.

The DEPUTY CHAIRMAN (Hon John Williams): If you delete the words "and the society shall not" which appear on the second last line and substitute the other words it would read --

> (1) A director of a society shall not obtain the provision of financial accommodation by the society on conditions that are more favourable than those generally extended

to members, and the society shall not so provide financial accommodation to a director --

Hon G.E. Masters: It means a director will not get preferential treatment.

The DEPUTY CHAIRMAN: That is right.

Hon MAX EVANS: With all that in, is it then necessary to have subparagraphs (i) and (ii)?

Hon J.M. BERINSON: Subparagraph (i) refers to financial accommodation over a place of residence and (ii) refers to other forms of security, so we are dealing with two different forms of security. In paragraphs (a) and (b) we are dealing with two different forms of director.

Hon MAX EVANS: What it is saying is that provided it complies with normal conditions on all other loans, they do not have to go back to the society.

Hon J.M. BERINSON: Everything is predicated on the first words of subsection (1) which says a director shall not obtain a provision of financial accommodation by the society on conditions that are more favourable than those generally extended to members. It says that where one is getting more favourable terms and conditions, the rest of the section applies. Where one is not getting more favourable terms and conditions, it does not have any operation.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 25 and 26 put and passed.

Clause 27: Section 65 amended --

Hon J.M. BERINSON: I move an amendment --

Page 42 -- In the proposed subsection (1)(d), to insert after "overdrawn" where it first occurs the following -

for a period of more than 30 days

This is a technical amendment which provides a 30-day period of grace in providing a contingent liability for loss on overdrawn savings accounts. It allows the institution sufficient time to contact the member or process late payrolls. This amendment again is made at the request of the industry.

Amendment put and passed.

The DEPUTY CHAIRMAN (Hon John Williams): I take it that Hon Neil Oliver has read the Leader of the House's amendment which, in rephrasing the proposed subsection, deletes the word "not".

Hon NEIL OLIVER: Thank you, Mr Deputy Chairman. I will not proceed with my amendment.

Hon J.M. BERINSON: I move an amendment --

Page 43 -- To delete the proposed subsection (1e) and substitute the following proposed subsection --

(1e) Provision is required by subsection (1a) to be made in respect of any financial accommodation that is secured by a registered mortgage over land to the extent only that --

(a) the amount for the time being secured, together with the aggregate of amounts, if any, already outstanding and secured by any prior mortgages over the land, exceeds 75% of the value of the land as determined by a valuer; and

(b) the society has not obtained an indemnity or a guarantee for a mortgage insurer in respect of the payment or repayment of the amount of the excess referred to in paragraph (a).

This is another amendment introduced at the request of the industry, and it is to more accurately reflect the risk balance of a loan secured by a mortgage against which a possible loss may arise.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 28 to 34 put and passed.

Clause 35: Section 92A inserted --

Hon MAX EVANS: I move the following amendments --

> Page 48, lines 25 and 26 -- To delete "and section 170 of the Credit Unions Act 1979".
>
> Page 48, lines 29 and 30 -- To delete "or section 170 of the Credit Unions Act 1979".

Earlier this evening the Leader of the House referred to the levy. I refer members to section 170 of the Credit Unions Act. It states the funds will be applied in such terms as the Minister may specify.

It appears that the levy will consist of joint funds which will be used by either the building societies or the credit unions, and that they will not be kept separately. I would like the Leader of the House to clarify the proposed situation. The drafting of the legislation should be clearer and should outline whether the money can be used by either the building societies or the credit unions. I understand that it is proposed that the building societies will help the credit unions, and I do not think that is right.

Hon J.M. BERINSON: There will be one trust fund, but separate accounts, and there will be no cross-subsidisation.

Hon NEIL OLIVER: I am not proposing any amendments to this clause, but I doubt whether the levy will be successful.

How much money will be involved, and what is the projected amount of the funds? The answer of the Leader of the House may give me some idea about how successful the fidelity fund will be.

I also ask the Leader whether a similar clause has been included in legislation in any of the other States.

Hon J.M. BERINSON: I am advised that there are analogous arrangements in Victoria, New South Wales, and the ACT where they have a deposits insurance scheme.

Hon NEIL OLIVER: What is the projected amount that will be deposited to the subaccount of the building societies?

Hon J.M. BERINSON: I understand that no firm arrangements have been made. The estimate is that each 0.01 per cent of building societies' assets will produce $1.6 million. In respect of those societies and the credit unions, arrangements are still to be finalised.

Hon NEIL OLIVER: I am concerned that this levy will be self destructive. As a result of the State taking this position, there will be a lack of supervision and direction and there will be no advisory board. The people involved might approach their operations in an inefficient manner knowing that this levy fund is always available. Frankly, I do not think there is. That $1.6 million is only 0.01 per cent, and that is a drop in the ocean when one takes into account the Town and Country Building Society or the Home Building Society. It is just so incontestable in regard to their entire assets, it is like using an eye-dropper in a 44-gallon drum. In fact, this concept has been tried in the United States. I was there and I had discussions with the people there about the levy. It is abused and the scheme is totally and utterly unsuccessful. The United States' experience is not a good one because the concept has been very much abused. In fact, I recall arranging for a previous Minister for Housing, when he was responsible for the Building Societies Act, to call in to Washington and look at the operation as it was implemented there. I do not know whether the Leader of the House has been to Washington and seen how totally unsuccessful it is.

Hon Max Evans interjected.

Hon NEIL OLIVER: The Leader of the House does not have an imprest account. In fact, we cannot find out where Ministers go. We are not allowed to ask those questions because it is too difficult to extract the information. I do not know whether that is indicative of whether they are travelling too far and too wide.

Hon J.M. Berinson: What exactly are you saying about building societies?

Hon NEIL OLIVER: The point I am making is that in the United Kingdom there is an excellent arrangement -- I do not know whether it is because the British are involved -- which is called a gentlemen's agreement. I do not know whether Hon Joe Berinson will recall what the definition of a gentlemen's agreement is, but Mr Justice Vasey said a gentlemen's agreement is an agreement between two people who are not gentlemen, each of whom expect the other person to act as a gentleman while he does not.

In the United Kingdom this gentlemen's agreement works extremely well, and works up to 90 per cent of the limit; that is, up to 10 000 pounds, and that is a very successful scheme that has never had any problems.

I would like the Leader of the House to advise me whether anybody has examined the American system and also whether he is conversant with the United Kingdom scheme, which has been very successful. The Leader of the House would have to admit that 0.01 per cent of the Home Building Society levy is incontestable. All I can say is that the Home Building Society no doubt will be very pleased to see this legislation pass before it takes over its target which is the Swan Building Society.

The provision appears to me to be insignificant. I do not see what it sets out to achieve. The Government can have all the levies it wants but the proper levy in my opinion is proper supervision and no reserve fund will supplement what I believe is providing adequate and proper supervision.

Hon MAX EVANS: When the Leader of the House was asked about this matter earlier he said that insurance schemes are in place in States A, B, C, and D. However, we are not talking about insurance schemes but about a levy. Could he please explain whether there is a policy or whether he used the word very broadly.

Hon J.M. BERINSON: As I understand it, the terminology is different but the means of catching the funds are the same; namely, a draw of specified percentages against society assets.

Hon MAX EVANS: The Leader of the House is drawing a longbow. I want to come back to the trust fund, or levy fund. It says at the bottom of page 48 of the Bill --

> . . . any money credited under subsection (7) or section 170 of the *Credit Unions Act 1979* to the account referred to in subsection (7) to be applied, on such terms as the Minister may specify in the authorization, towards meeting liabilities of a permanent society in financial difficulty.

On page 110 of the Bill it says --

> (8) On the recommendation of the Registrar, the Minister may authorize any money credited under subsections (7) or section 92A of the *Building Societies Act 1976* to the account referred to in subsection (7) to be applied, on such terms as the Minister may specify in the authorization, towards meeting liabilities of a credit union in financial difficulty.

So there is cross-subsidisation. We were told before that the money would be kept separately and individually in building societies and credit unions, but now this does not seem to me to be quite as clear as that because building society money can be used for credit unions, and credit union money can be used for permanent societies. I would like the Leader of the House to clarify that.

Hon J.M. Berinson: I will need a few moments to consider this.

Hon MAX EVANS: The Leader of the House gave a contrary answer on that point a few minutes ago.

Hon J.M. Berinson: That is what is worrying me.

Hon MAX EVANS: It worries me, too.

Hon J.M. Berinson: It worries me more than it worries you.

Hon MAX EVANS: It worries me a lot, because I had read the credit union part and not the building society part and I was snowed by the Leader of the House when he gave me that answer.

Hon J.M. BERINSON: Frankly, I am not quite sure what I said before but I know what I intended to say, and that was the wrong thing. My understanding when I gave my earlier answer was that there would be no capacity for cross-subsidisation; that is wrong.

Hon Max Evans: What do you mean by capacity?

Hon J.M. BERINSON: Any ability to cross-subsidise between the two different accounts in the trust fund.

Hon Max Evans: But it says here quite clearly --

Hon J.M. BERINSON: But I am saying that was my understanding before, and that was a wrong understanding. The most that can be said is that it is not intended that that should happen, but the capacity is there as a reserve capacity. So I am pleased that Hon Max Evans picked me up on this. I may have said before it is not the intention, but frankly I was under the impression it could not be done and the answer is that it can be done, so I am pleased to have the opportunity to correct that.

Hon MAX EVANS: The Leader of the House is being honest and quite rightly says it just should not be there.

Hon J.M. Berinson: No.

Hon MAX EVANS: Or that it is there but he would not use it.

Hon J.M. Berinson: I did not say that, either.

Hon MAX EVANS: He may use it. I wonder if it is right to have this between the two bodies where funds are being contributed one against the other. I do not think it is morally right; I think it should be looked at again. I know the credit unions have worked this one out. It is not so bad for them because the funds of the building societies can support them, and that might be what the Government is after. I think it is morally wrong to have two separate pieces of legislation and two separate bodies involved in a fund. The Government has not even worked out what the rate of the levy will be. Will it be the same levy rate for both? I thought it was about two per cent for credit unions and 0.01 per cent for other bodies.

Hon J.M. BERINSON: Whatever my confusion on the other matter, I am quite clear that I previously indicated that no financial rates or figures have been arrived at in this area.

Hon MAX EVANS: Credit unions are locked into this one where they can contribute to the losses of building societies. It comes back to the whole factor of a levy which does not have any supervision. This has been put to the Government before by the working party. There needs to be an advisory committee, not per se, but a committee to administer the levy. In other words, if the registrar is the only person who will oversee the statistics of the performances of the building society and credit unions, so be it. It was not good enough before. Building societies in other States have separate boards to oversee the protection of those levy funds because they want to make sure the funds are protected and not simply so that people can say, "Well, it's there, we don't have to worry." The risk is that this fund will be there and money will be put into it; there has to be responsible administration of the funds, which is not in the legislation. The money is held by the Government but there is no particular legislation, which has been recommended both by us and by the credit unions, whereby there will be a committee to supervise the credit unions. This is done in the other States. They look at their statistics and everything else because their aim is to protect those funds.

There is an interest factor in connection with the funds. A levy is taken out of the building societies and credit unions, on which they should be earning interest to get a proper return on their capital. The Government has made no mention of interest earned on this fund and whether it will be paid back, whether it will be compounded or whatever. It appears to me that the money will just build up in the Government's coffers, accumulating compound interest, whereas the building societies will have no return on the fund. I believe they should have because they have to meet the requirements of their members.

Hon J.M. BERINSON: Hon Max Evans has raised the question of the supervisory board, and this relates to the reserve fund arrangements in South Australia. I have previously indicated that the Government is interested in looking at the possibility of a reserve fund but this will have to wait on later consideration. If indeed we move in the direction of South

Australia, and especially if we look at a levy anywhere near two per cent, we would be looking at very large figures and, together with the fund proposal, it would be reasonable to look to a similar supervisory system. However, we are very far from that, and that is indicated by the fact that a two per cent levy on credit unions would produce something like $12 million in this State, whereas the amount contemplated for the building societies, even though not finalised, is only a fraction of that. We are at this stage, while restricted to the levy proposal, really looking at a very much more modest reserve than is contemplated by the reserve fund arrangements in South Australia. If and when we move to more expansive reserves along their lines, I would imagine that we would certainly at the same time look for a similar supervisory board system.

Hon MAX EVANS: The interest would accumulate and not be paid back to the societies as the levy funds are built up?

Hon J.M. Berinson: In the trust fund?

Hon MAX EVANS: Yes.

Hon J.M. Berinson: That is apparently one of a range of matters that has not been finalised.

Hon MAX EVANS: Consider the words "trust fund". Years ago I used to investigate for the Newspaper Proprietors Association the credit worthiness of advertising agencies. The Newspaper Proprietors Association would give 45 days' credit to certain advertising agencies on the basis that they had a sound credit rating. In other words, the newspapers received independent advice each year on the credit standing of the advertising agencies. The newspaper companies wanted the assurance that the agencies were financially sound before they gave them credit. The same thing applies here, and one really has to look at this matter soon. The Government is building up these levy funds, and some independent body should look at it to make sure that they are carrying out the criteria. It has not been done in the past in respect of a lot of the prudential requirements. I feel very sorry for our registrar because he has come into a lot of problems in Western Australia; he obviously was not very well briefed before he came, otherwise he might have stayed in the Eastern States. I do not think he will let us down as we have been let down before. However, the registrar has a big job of supervision there. It has been done with other organisations, which make certain that there will not be a call on their trust funds. I know newspaper proprietors always checked out the advertising agencies' credit standing to make sure that their creditworthiness was good. It is important because there could be an abuse of those levy funds.

Hon J.M. BERINSON: It is not possible to anticipate future events too far but I think that Hon Max Evans can be quite confident that if we move towards a scale of funds that is comparable to the South Australian system, we will look to a similar board to overview that.

Hon MAX EVANS: Having thrashed out this levy matter, our interest was really in the fact that credit union funds could be applied to a link with the Permanent Building Society. I thought it might have been overcome by just deleting the words through my amendment.

Amendments, by leave, withdrawn.

Hon J.M. BERINSON: I move an amendment --

> Page 49 -- To insert after "difficulty" at the end of the proposed section 92A(8) the following --
>
> > or towards recouping to the State any moneys of the State that have been applied for any such purpose.

The purpose of the amendment is self-evident and I do not think I need elaborate on it.

Amendment put and passed.

Clause, as amended, put and passed.

Progress

Progress reported and leave given to sit again at a later stage of the sitting, on motion by Hon J.M. Berinson (Leader of the House).

(Continued on page 5087.)

SESSIONAL ORDERS

Committee: Leave to Sit

HON J.M. BERINSON (North Central Metropolitan -- Leader of the House) [10.30 pm]: I move --

That the House continue to sit beyond 11.00 pm.

HON G.E. MASTERS (West -- Leader of the Opposition) [10.31 pm]: I rise to speak even at the risk of someone reporting in the Press that we continue always to whinge about sitting for too many hours or too few hours.

It seems to me that the new Sessional Orders we adopted are becoming a farce. I think it was Hon Sandy Lewis who said that the Sessional Orders were a package which included the earlier commencement of the House and the limitations on the time members are able to speak. The intention was to have the House cease sitting at 11.00 pm unless there was some special reason for continuing. The House would continue the next day to carry on with the debate from where we had left off the previous night.

The Notice Paper contains nothing of great consequence that could not easily be handled expeditiously. Members will recall that under the previous Standing Orders, when we got to this stage of the evening no new Order of the Day could be brought on, but the matter under discussion at the time could continue to be debated beyond 11.00 pm until such time as the House decided.

The new Sessional Orders are being used for the convenience of the Government, and that was not the intention. They seem to be a complete waste of time. If we are to continue operating in the way the Leader of the House is pursuing now, it seems we either sit until 2 o'clock or 3 o'clock in the morning, or get up at 7 o'clock or 8 o'clock in the evening. The Sessional Orders were intended to make the operation of the House more orderly. This has not been the case. The new Sessional Orders ought to be observed if we wish to proceed with any success in the future. Why is there this need to continue and for us to have a very late sitting once again?

HON J.M. BERINSON (North Central Metropolitan -- Leader of the House) [10.33 pm]: At the risk of repeating my previous comments in reply to Mr Masters' previous comments on this matter, I can only say that I share his interest in not having excessively long hours and also in not having them too often. At the same time, we are faced in this session with some quite long and complex legislation, and this list is now starting to build up. I know that the theory is that all of these matters can be smoothed out in a way that allows us to start off easily and to keep going in an orderly way. That has not been possible; we have had to wait on numerous occasions for Bills to pass through the Assembly, especially while that House was held up with its Budget debate. Now we have the legislation we must process it.

As an indication of what I have in mind, it is important at least to get far enough into this Bill to come up against the crunch issues and to decide them. There are two of those issues, one relating to financial societies and the other to a reserve fund. If we can clear those matters tonight, then whether we finish all the amendments is not a matter of prime concern, although I would like to move through most of them. At the same time, it makes sense, given that the subject matter is the same, to also dispose of Mr Evans' Select Committee proposal, one way or the other.

Hon G.E. Masters: Tonight?

Hon J.M. BERINSON: Certainly. It relates directly to the same question. I see no reason why the debate on Mr Evans' motion should be protracted. Each of us will have clear views on it, and most of its central issues have been dealt with at earlier stages of the debate on the Bill we have just been debating. Whether a lot of people think it worth speaking or not, all of us will have a clear idea of how we should decide on the motion. I think quite a brief discussion should be possible for us to move to a vote on that item. In any event it is important to get further than we have been able to get so far with the Bill, and so I ask the House to agree to the later sitting this evening.

Question put and passed.

ACTS AMENDMENT (BUILDING SOCIETIES AND CREDIT UNIONS) BILL

In Committee

Resumed from an earlier stage of the sitting. The Deputy Chairman of Committees (Hon John Williams) in the Chair; Hon J.M. Berinson (Leader of the House) in charge of the Bill.

Progress was reported after clause 35 had been agreed to.

Clauses 36 and 37 put and passed.

Clause 38: Section 4 amended --

Hon MAX EVANS: I move an amendment --

> Page 51 -- In paragraph (a)(ii) of the clause, to delete the definition of "financial society".

Earlier in the debate I mentioned that we would like to see these words deleted, and the Leader of the House said that these words were a very important part of the whole legislation, although he did not explain why. Therefore, I would like him to explain why the words "financial society" are so important. Are the words seen as the only way to move credit unions towards operating under the guise of financial societies, or are they a means of selling them off and getting other investors to come in? The Leader's second reading speech and his second reading reply were not clear on this point. How does the registrar see the use of the words "financial society"? It is important that we know because this is such an important and integral part of the whole legislation. We believe that if these bodies are to operate as financial societies they should be covered by separate legislation.

All we get is the definition in the Bill, so it is appropriate that I spend some time explaining our position. Firstly, what is a financial society? The Bill does not make it easy to answer that question. It is necessary to adopt the "treasure trove" principle -- digging through the Bill to find out what it means. The result of that task is to find out that a financial society can be created only by transforming a credit union into a financial society, and that it is a credit union except for 10 characteristics of credit unions which are not to apply to a new financial society.

The 10 characteristics of a credit union which are not to apply are --

1. The definition of a credit union which is actually in section 4(1) of the principal Act, as the Minister's own amendments now acknowledge.
2. Part III, division 1 of the Act relating to the formation of credit unions.
3. Section 29(3) to (5) relating to the prohibition on the use of the word "co-operative", or the like.
4. Section 30 relating to the use of the words "credit union".
5. Part IV relating to amalgamation and transfers of engagements.
6. Section 38(1) to (3) relating to membership.
7. Section 45(1) to (5) relating to share capital.
8. Section 46(1) to (3) relating to restrictions on share holding.
9. Section 79(7) and (8) relating to proxies and members' entitlement to vote.
10. Section 80(1) relating to the definition of a special resolution.

In other words, a financial society is virtually a Clayton's credit union -- a credit union when it is not having a credit union -- a credit union in the sense that a financial society can be formed only by transforming a credit union into one, but not a cooperative. A credit union, as we have said all the time, is a cooperative of members working for each other. It does not retain the essential cooperative characteristics such as one-member-one-vote at a general meeting, regardless of the proportion of issued capital owned by an individual.

No reason is given in the Bill or the Minister's second reading speech, and no Government papers have been tabled in Parliament, to explain why there is a need in the public interest to create this new form of financial society. As I explained earlier, there is also nothing in the working party's report, nor was there anything in the discussions it had. It came in later in

the proceedings, and the first thing the credit unions knew about it was when they saw the legislation.

The reason became evident. By creating a body known as a financial society and simultaneously creating powers, as this Bill does, to transform credit unions into financial societies and thereafter transform financial societies into other bodies corporate, it is plain that the financial society is a halfway house for the Government to dispose of credit unions in general and the Teachers Credit Society in particular.

I ask the Leader of the House to comment on these points.

Hon J.M. BERINSON: This clause brings us to one of the crunch points of the Bill. I have previously stressed the importance of the concept of financial societies to the whole legislation.

A financial society is a fixed capital society with proportionate voting rights. Before I go further, I point out that credit unions even now can have fixed capital but not with proportional voting rights, rather with cooperative voting rights. At the end, it is the voting rights which seem to be at the heart of any differences in the credit union movement, rather than the question of fixed capital as such.

The Government believes that credit unions should be able to voluntarily have access to fixed share capital carrying proportional voting rights. I attempted, during my reply to the second reading debate, to set out the reasons for that. Given the length of those explanations, I will attempt to restrict myself to summary only at this point.

In the first place, it is not clear that the trading surpluses of credit unions will be sufficient in future to provide an adequate capital base for credit unions to effectively compete in the market. Secondly, it is also not clear that trading surpluses will provide sufficient surpluses to meet the improved prudential standards contained in the Bill. Thirdly, without access to fixed capital, the only avenue for ongoing assistance to a credit union experiencing financial difficulty would be from other credit unions which may not wish to be involved or have the capacity to provide a long-term solution.

The establishment of financial societies incorporated in the Bill provides the mechanism by which a credit union may permanently address problems associated with its capital base -- a point recognised in Hon Max Evans' amendment dealing with the Teachers Credit Society. Recent events affecting Rothwells Ltd to which we have also referred this evening are a timely illustration of the importance of fixed share capital in restoring confidence in a financial institution.

As I understand the argument, some credit unions have an in-principle objection to share capital being anything other than of a cooperative nature -- that is, one vote per shareholder. I therefore stress yet again that the provisions in this Bill are voluntary and for each credit union to consider. The larger credit unions in this State have expressed their support for the concept of a financial society. The 15 credit unions referred to by Mr Evans earlier this evening have expressed their opposition to it. There is a clear division of opinion in the credit union movement, but it is for each credit union to use its discretion and make a decision as to whether it goes the financial society route.

In addition, it is worth noting that credit unions have no apparent objection to the concept of fixed capital, just an objection to this concept of proportional voting rights. However, the introduction of proportional voting rights would be an advantage in attracting sufficient capital from investors. Importantly, this proportional capital would not compromise the principle of dispersed ownership and control as the Bill restricts individual or associated shareholdings to 10 per cent of voting rights.

In summary, the Bill still provides for credit unions to maintain their current structure and cooperative status. Simply put, this means that they can continue to service their capital through surpluses. However, the higher prudential standards contained in this Bill, and supported by the industry, could place great strain on the ability of a credit union to derive sufficient surpluses in the future. The provisions for financial societies provide an alternative to address the problems of an adequate capital base.

The Government recognises the contribution which credit unions have made to the welfare of their members and the community in general. The Bill is intended to support a continuing

role for those institutions. Without the provisions for financial societies, the preventive qualities of the Bill will be greatly diminished and, as I previously indicated, it is the Government's view that the Bill as a whole would not be worth implementing. I think there is a stronger way of putting the Government's view as to the central and crucial nature of the financial society aspects of this legislation.

Hon MAX EVANS: I meant to raise the statistics before. If the Teachers Credit Society had voted, it would have changed all the statistics because the rest of the credit unions together only account for 20 per cent of the total funds of credit unions. Does the overall total include the figures for the Teachers Credit Society? I do not believe the statistics mean very much. Cooperatives are democracies, and voting is based on the membership not on the capital. If the Fremantle Credit Union and the United Credit Union become financial societies they may change their vote structure. The Leader of the House did not answer a question which I put to him and which I thought was fair. I asked whether it was part of the Government's scheme to wrap up or put down the Teachers Credit Society by merging it with the R & I Bank, which is a structured financial society, simply because of capital.

Hon J.M. BERINSON: No decision has yet been made as to the form of arrangements in respect of the Teachers Credit Society. I understand it will still take some time to clarify its position to the point where decisions of that kind can be made.

Hon MAX EVANS: Credit unions are a unique movement and they would prefer that this body was not created. If it has to be created, why was it not created under its own legislation? We cannot have cooperative and non-cooperative societies under one legislation.

Hon J.M. Berinson: I have heard that argument several times, but I do not understand the significance of it. They are clearly different organisations.

Hon MAX EVANS: Yes, they are.

Hon J.M. Berinson: Each can make its own decision as to the form it wants to take. What is the difference if it is in one or two Acts?

Hon MAX EVANS: The whole structure of a credit union has been changed. We are talking about fixed capital, but it really comes back to voting power. Does the Leader of the House anticipate other parties investing in financial societies in a big way to take up share capital? The urgency of this matter seems to be that fixed capital is important. Is the Government anticipating other capital gain or non-withdrawable shares from members?

Hon J.M. BERINSON: I do not believe the Government is in the position to anticipate events of this kind. What it is doing is creating a framework in which different arrangements from those now available can be made.

Amendment put and negatived.

Hon J.M. BERINSON: I move an amendment --

> Page 52, paragraph (a)(ii) -- To delete "the amount subscribed" in the definition of "non-withdrawable" and substitute the following --
>
> > any of the amount subscribed other than an amount subscribed in excess of the nominal value of the shares

This is a technical amendment which provides for the issue of bonus shares and places credit unions on an equal footing with building societies.

Amendment put and passed.

Hon J.M. BERINSON: I move an amendment --

> Page 54, paragraph (b) -- To delete "6(1)" in the proposed subsection (1c)(a) and substitute the following --
>
> > 4(1)

This simply corrects a typographical error.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 39: Section 7 amended --

Hon MAX EVANS: I move the following amendments --

Page 56, line 5 -- To delete proposed subsection (b).

Page 56, after line 12 -- To insert after paragraph (d) the following new paragraph --

(e) by repealing paragraph (d).

Hon J.M. BERINSON: The Government opposes the amendments. As I understand it, it seeks to restrict credit unions borrowing from members only. In practice this would lead to no real difference because of the width and flexibility of current membership clauses. There is a very wide capacity in credit unions now to have associate members, or so-called non-voting members, and in these circumstances, whether or not we make explicit the ability to borrow from non-members, we will end up with a much wider range of lenders to the society than the original movement probably contemplated. The Government, in moving in the direction it has, is really saying that whether a credit union restricts or expands its range of lenders is a matter that could be left to the credit union itself.

Hon MAX EVANS: The credit unions have been taking money from non-members for some time. Many people take up membership to obtain a loan and the credit unions have taken deposits from non-members in the past.

Amendments put and negatived.

Clause put and passed.

Clauses 40 to 43 put and passed.

Clause 44: Section 20 amended --

Hon MAX EVANS: I move an amendment --

Page 58 lines 8 to 16 -- To delete paragraph (b).

This amendment refers to increasing the non-withdrawable shares from $1 million to $5 million capital and I would like an explanation from the Minister of the increase of capital to $5 million because we believe the previous capital of $1 million was probably sufficient.

Hon J.M. BERINSON: This provision is a direct reflection of the Government's concern to ensure that credit unions have adequate capital to compete in the current environment. As I have previously said, it is not just a question of encouraging them to meet a standard set by the Government but also to establish a standard which will attract the necessary confidence of intending members and lenders.

Amendment put and negatived.

Clause put and passed.

Clause 45 put and passed.

Clause 46: Section 23 amended --

Hon MAX EVANS: I move an amendment --

To delete the clause.

The CHAIRMAN: I will not accept that as an amendment, but as an indication that the member wishes to delete the clause.

Clause put and passed.

Clause 47: Part III, Division 1a inserted --

Hon MAX EVANS: I move an amendment --

To delete the clause.

Amendment, by leave, withdrawn.

Clause put and passed.

Clause 48 put and passed.

Clause 49: Section 29 amended --

Hon MAX EVANS: I move an amendment --

To delete the clause.

Amendment, by leave, withdrawn.

Clause put and passed.

Clause 50: Section 31 amended --

Hon MAX EVANS: I move an amendment --

To delete the clause.

Amendment, by leave, withdrawn.

Clause put and passed.

Clause 51: Part IV repealed and a Part substituted; regulations revoked --

Hon J.M. BERINSON: I move the following amendments --

Page 71 -- To delete the proposed subsection (3) and substitute the following --

(3) Before submitting a proposed direction for the approval of the Minister under subsection (1)(a) the Registrar shall give the proposed transferor institution and transferee institution or permanent building society, and any other person whom the Registrar may consider entitled to be heard, an opportunity to be heard at such time and place and in such manner as the Registrar thinks fit.

Page 76 -- To delete the proposed subsection (3) and substitute the following --

(3) Before submitting a proposed direction for the approval of the Minister under subsection (1)(a) the Registrar shall give the proposed target society and party taking control, and any other person whom the Registrar may consider entitled to be heard, an opportunity to be heard at such time and place and in such manner as the Registrar thinks fit.

I just make the preliminary comment that almost all of my following amendments are to reflect amendments already carried in respect of building societies. The amendment to clause 51 is in fact an identical amendment to that proposed for building societies in clause 11 and previously agreed to.

Hon Max Evans: I am trying to work out the problem faced by Hon Neil Oliver about which amendment comes first.

Hon J.M. BERINSON: I think the member's amendment is a financial societies amendment.

Hon Max Evans: Yes.

The CHAIRMAN: The position is that the Attorney General is correct in moving his amendments first. In order for Hon Max Evans' new clause to be considered, the Chamber must vote against the question that the clause stand as printed or against the question that the clause stand as amended. If the Attorney's amendment is successful, then the amendment moved by Hon Max Evans is out.

Amendments put and passed.

Clause, as amended, put and passed.

Clause 52: Section 38 amended --

Hon MAX EVANS: I move an amendment --

Page 78 -- To delete paragraphs (a) and (b).

I come back to the point I made on Thursday that the Attorney General is always at a great advantage over the members on this side when he has a person next to him to handle the bits of paper.

Hon J.M. Berinson: The member can have my bit of paper, which says, "consequential on removal of financial societies".

Amendment, by leave, withdrawn.

Clause put and passed.

Clause 53: Section 45 amended --

Hon MAX EVANS: I move an amendment --

Pages 78 to 81 -- To delete paragraphs (a), (b), (d), (e) and (g).

Amendment, by leave, withdrawn.

Hon J.M. BERINSON: I move an amendment --

Page 81 -- In paragraph (e) of the clause, to delete the proposed subsection (5f) and substitute the following proposed subsection --

(5f) a financial society may raise funds by the issue of shares but, in the case of shares of the class mentioned in subsection (5a)(c), only with the prior approval in writing of the Registrar.

This Bill currently requires the registrar's approval for all share issues.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 54 to 56 put and passed.

Clause 57: Section 51 amended --

Hon J.M. BERINSON: I move an amendment --

Page 85, in paragraph (b) of the clause -- To delete the proposed subsections (3) and (3a) and substitute the following --

(3) A credit union shall not in any way invest any portion of its funds pursuant to subsection (1) in excess of any limitation as to amount that the Registrar, by notice in writing given to the credit union, has imposed.

(3a) The Registrar may, under subsection (3), impose such limitations as to amount as he sees fit, which limitations may vary according to the term of the investment, the class or form of investment, the person or class of persons with whom the investment is to be made, or such other matters as he considers relevant.

This converts the requirement for prior approval of the registrar to a reserve power. Without this amendment the provisions would be difficult to administer in practice.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 58 to 62 put and passed.

Clause 63: Section 61 repealed, sections substituted, and savings --

Hon J.M. BERINSON: I move the following amendments --

Page 91, -- To delete "one-third" in the proposed definition of "the relevant percentage" and substitute the following --

one-fifth

Page 92 -- To insert before "except" in the proposed section 61A(a) the following --

, other than by way of a bonus issue of non-withdrawable shares,

The first amendment phases in the new net worth requirement over five years instead of three, as in the case of building societies. The second amendment is a technical amendment which provides for the issue of bonus shares.

Amendments put and passed.

Clause, as amended, put and passed.

Clause 64 put and passed.

Clause 65: Section 72 repealed and sections substituted --

Hon J.M. BERINSON: I move an amendment --

Page 96 -- To delete ", and the credit union shall not make any advance to a director" in the proposed section 72A(1) and substitute the following --

on conditions that are more favourable than those generally extended to members, and the credit union shall not make any advance to a director on such conditions

This again reflects the decision previously made in respect of building societies in that it requires board resolutions or special resolutions of the society for directors' borrowings which are outside normal terms and conditions.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 66 to 70 put and passed.

Clause 71: Section 84 amended --

Hon J.M. BERINSON: I move an amendment --

Page 102 -- In the proposed subsection (1d) to insert after "overdrawn" where it first occurs the following --

for a period of more than 30 days

Again, this is identical to the earlier provision.

Amendment put and passed.

Hon J.M. BERINSON: I move an amendment --

Pages 102 and 103 -- To delete the proposed subsection (1e) and substitute the following proposed subsection --

(1e) Provision is required by subsection (1a) to be made in respect of any loan or continuing credit arrangement that is secured by a registered mortgage over land to the extent only that --

(a) the amount for the time being secured, together with the aggregate of amounts, if any, already outstanding and secured by any prior mortgages over the land, exceeds 75% of the value of the land as determined by a valuer; and

(b) the credit union has not obtained an indemnity or a guarantee from a mortgage insurer in respect of the payment or repayment of the amount of the excess referred to in paragraph (a).

This amendment more accurately reflects the risk balance of a loan secured by a mortgage against which a possible loss might arise.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 72 to 74 put and passed.

Clause 75: Section 100 amended --

Hon MAX EVANS: I move an amendment --

To delete the clause and substitute the following --

Part VIII Division 1 of the principal Act is repealed by substituting the following -

97. (1) There shall be a board entitled the "Credit Union Stabilisation Board".

(2) The Board --

(a) shall be a body corporate with perpetual succession and a common seal;

(b) shall be capable of suing and of being sued;

(c) shall be capable of holding, dealing with, and disposing of real and personal property;

(d) shall be capable of acquiring or incurring any other rights or liabilities; and

(e) shall have the powers, duties, functions and authorities conferred, imposed or prescribed by or under this Act.

(3) Where a document purports to bear the common seal of the Board, it shall be presumed in any legal proceedings, in the absence of proof to the contrary, that the common seal of the Board has been duly affixed to that document.

97A. (1) The Board shall consist of five members appointed by the Governor upon the nomination of the Minister.

(2) One member of the Board shall be appointed by the Governor to be Chairman of the Board.

(3) Not less than two of the members shall be persons who are selected by the Minister from a panel of six persons (or such lesser number of persons as the Minister may direct) nominated by the Credit Union Association of Western Australia, or such other association as may be prescribed.

(4) If an association fails to nominate a panel of persons for the purposes of subsection (3) of this section within one month of receiving a written request from the Minister to do so, the Governor may appoint the required number of persons to the Board on the nomination of the Minister, and any person so appointed shall, for all purposes, be deemed to have been duly nominated and appointed to the Board.

97B. (1) The Chairman of the Board shall be appointed for such term of office, and upon such conditions, as may be determined by the Governor, and, upon the expiration of his term of office, shall be eligible for re-appointment.

(2) A member of the Board, other than the Chairman, shall be appointed for such term of office, not exceeding three years, and upon such conditions as the Governor may determine and, upon the expiration of his term, shall be eligible for re-appointment.

(3) The Governor may appoint a suitable person to be a deputy of a member of the Board and such a person, while acting in the absence of that member, shall be deemed to be a member of the Board, and shall have all the powers, authorities, duties and obligations of the member of whom he has been appointed a deputy.

(4) The Governor may remove a member of the Board from office for -

(a) any breach of, or non-compliance with, the conditions of his appointment;

(b) mental or physical incapacity;

(c) neglect of duty; or

(d) dishonourable conduct.

(5) The office of a member of the Board shall become vacant if -

(a) he dies;

(b) his term of office expires;

(c) he resigns by written notice addressed to the Minister; or

(d) he is removed from office by the Governor pursuant to subsection (4) of this section.

(6) Upon the office of a member of the Board becoming vacant, a person shall be appointed, in accordance with this Act, to the vacant office, but where the office of a member of the Board becomes vacant before the expiration of the term for which he was appointed, the person appointed in his place shall be appointed only for the balance of the term of his predecessor.

97C.(1) The members of the Board shall be entitled to receive such allowances and expenses as may be determined by the Governor.

(2) Any amount to which a member of the Board is entitled under this section shall be paid out of the Fund.

97D. (1) Three members of the Board shall constitute a quorum of the Board, and no business shall be transacted at a meeting unless a quorum is present.

(2) A decision in which any three members of the board concur shall be a decision of the Board.

(3) The Chairman shall preside at any meeting of the Board at which he is present, and in the absence of the Chairman from a meeting of the Board, the members present shall decide who is to preside at that meeting.

(4) The Board shall meet for the transaction of business at least eight times in each year.

(5) Subject to this Act, the business of the Board shall be conducted in such manner as the Board determines.

97E. (1) An act or proceeding of the Board shall not be invalid by reason only of a vacancy in its membership, and, notwithstanding the subsequent discovery of a defect in the nomination or appointment of a member, any such act or proceeding shall be as valid and effectual as if the member had been duly nominated or appointed.

(2) No liability shall attach to a member of the board for any act or omission by him, or by the Board, in good faith and in the exercise or purported exercise of his or its powers or functions, or in the discharge, or purported discharge, of his or its duties under this Act.

97F. (1) The functions of the Board are as follows -

(a) to establish and administer a fund to assist in maintaining the financial stability of credit unions;

(b) to encourage and promote the financial stability of credit unions -

(i) by providing advice to credit unions generally on matters pertaining to the business of credit unions;

(ii) by appropriate supervision of credit unions;

(iii) by assisting officers of credit unions to administer the affairs of the credit union in a proper and businesslike manner;

(c) otherwise to advance the interests of credit unions; and

(d) such other functions as may be prescribed.

(2) The Registrar shall investigate and report to the Board on such matters as the Board may direct.

97G.(1) The Board may delegate to any member, officer or employee of the Board any of its powers or functions under this Act.

(2) Any such delegation shall be revocable at will and shall not derogate from the power of the Board to act itself in any matter.

97H.(1) The Board may, with the approval of the Minister, appoint such officers and employees as it considers necessary or expedient for the proper administration of its functions under this Act.

(2) A person appointed under subsection (1) of this section shall hold office upon terms and conditions determined from time to time by the Governor, and the *Public Service Act 1978*, shall not apply to or in relation to persons so appointed.

(3) With the consent of the Minister administering any department of the Public Service, the Board may make use of the services of any officer of that department upon such terms and conditions as may be mutually agreed upon by the Minister administering that department and the Treasurer.

DIVISION II - The Credit Union Reserve Fund

97I.(1) There shall be a fund entitled the "Credit Union Reserve Fund".

(2) A credit union shall keep on deposit with the Fund the prescribed percentage of the aggregate of the share capital of the credit union and the amount held on deposit by the credit union as at the preceding thirtieth day of June.

(3) Where on the first day of July in any year the amount held by a credit union on deposit with the Fund is less than the amount required to be kept on deposit under this section, the credit union shall pay to the fund the amount of the deficiency not later than the thirtieth day of September next following.

(4) Where on the first day of July in any year the amount held by a credit union on deposit with the Fund exceeds the amount required to be kept on deposit under this section, the Board shall, upon application in writing by the credit union, pay to the credit union the amount of the excess not later than one month after receipt of the application.

(5) A credit union shall furnish the Board with such returns and information as it requires to assess the amount that should be deposited in the Fund by the credit union in pursuance of this section.

(6) The Board may temporarily or permanently, and wholly or partially, relieve a credit union from the obligation to comply with this section upon such grounds as it considers proper.

(7) The Board may recover any amount payable to the Fund in pursuance of this section, as a debt, in any court of competent jurisdiction.

(8) Where a credit union is in default in the payment of moneys as required by this section, the credit union shall be liable to pay to the Board for the credit of the Fund interest at the prescribed rate upon the amount outstanding.

(9) For the purposes of this section, "the prescribed percentage" means two percent, or where some other percentage has been prescribed, that other percentage.

97J.(1) If in the opinion of the Board the balance of the Fund has diminished to such an extent that further funds are required it may, by resolution published in the *Gazette*, require each credit union to pay to the fund a specified percentage, not exceeding 0.2 percent, of the aggregate of its share capital and the amount it held on deposit as at the preceding thirtieth day of June.

(2) A resolution under subsection (1) of this section shall specify the period of time (being not less than one month) within which those further funds must be paid by credit unions.

(3) A levy shall not be made under this section more than once in the same calendar year.

(4) A credit union shall furnish the Board with such information as it requires to assess the amount that should be paid by the credit union under this section.

(5) The Board may temporarily or permanently, and wholly or partially, relieve a credit union from the obligation to comply with this section upon such grounds as it considers proper.

(6) The Board may recover any amount payable to the Fund in pursuance of this section, as a debt, in any court of competent jurisdiction.

(7) Where a credit union is in default in the payment of moneys as required by this section, the credit union shall be liable to pay to the Board for the credit of the Fund interest at the prescribed rate upon the amount outstanding.

97K.(1) The Board may, in its discretion, grant financial assistance to a credit union by making payments from the Fund (by way of a grant or a loan), or by charging the assets of the Fund as security for liabilities of the credit union.

(2) The Board may grant financial assistance to a credit union -

(a) upon such security, if any, as it thinks fit; and

(b) upon such terms and conditions as it thinks fit.

97L.(1) A member of a credit union is entitled to claim against the Fund where the credit union fails, upon demand of the member, to satisfy any liability to that member.

(2) A claim under this section must be made within six months after the date of the demand that the credit union has failed to satisfy.

(3) Where a member dies before a claim on the Fund arises or before a claim is paid, the claim may be made or pursued by his personal representative.

(4) Where the Board satisfies a claim made under subsection (1) of this section, the Board, the Fund and the credit union are discharged from any further liability to the member in respect of the claim.

(5) Where the Board makes a payment out of the Fund under this section, the Board is subrogated to the rights of the member against the credit union in respect of the claim.

97M.(1) The Board may borrow from any person for the purpose of carrying out any of its functions under this Act.

(2) Any liability incurred with the consent of the Treasurer under subsection (1) of this section is hereby guaranteed by the Treasurer.

(3) Any liability incurred by the Treasurer under a guarantee arising by virtue of subsection (2) of this section shall be satisfied out of the general revenue of this State which is hereby, to the necessary extent, appropriated accordingly.

97N. The Board may, with the approval of the Minister, invest any of the moneys standing to the credit of the fund that are not immediately required for the purposes of this Act in such manner as may be approved by the Minister.

97O. (1) The Board shall cause proper accounts to be kept of the income and expenditure of the Fund.

(2) The Auditor-General may at any time, and shall at least once in every year, audit the accounts of the Board.

97P. The Board shall as soon as practicable after the thirtieth day of June in each year submit a report to the Minister upon the conduct of the business of the Board during the financial year ending on that day, together with the audited accounts of the Board for that financial year.

DIVISION III - Supervision of a Credit Union by the Board

97Q. (1) Where -

(a) a credit union is unable to pay its debts as and when they fall due;

(b) the Board is satisfied -

(i) that a credit union is financially unsound;

(ii) that the affairs of a credit union are being conducted in an improper or financially unsound manner;

(iii) that a credit union is trading at a loss;

(iv) that a credit union has failed to maintain adequate reserves in accordance with the regulations; or

(v) that a credit union or an officer of a credit union has committed any other serious irregularity that indicates the desirability of supervision;

(c) a credit union has failed to lodge with the Registrar or the Board any document required to be so filed under this Act; or

(d) a credit union has requested the Board to declare it to be subject to supervision by the Board,

the Board may, by resolution and by giving notice in writing to the credit union, declare the credit union to be subject to supervision by the Board.

(2) An officer of the board, authorized by the Board for the purpose, may, for the purposes of the Board satisfying itself as to any of the matters referred to in subsection (1) of this section -

(a) require a credit union or an officer of a credit union to produce any books, papers or documents relating to the affairs of the credit union;

(b) inspect and make copies of any minutes, books, papers or documents relating to the affairs of a credit union that are in the custody or control of the credit union, a liquidator, a bank or any other institution; and

(c) require any bank or other institution in which funds have been deposited by a credit union to furnish him with particulars of those funds and of any dealing with or disposition of those funds by the credit union.

97R. Where the Board declares a credit union to be subject to supervision, the credit union remains subject to supervision by the Board until -

(a) the credit union applies, in writing, to the Board to be released from supervision, stating reasons in support of its application, and the Board approves the application;

(b) the credit union is wound up; or

(c) the Board, by resolution, releases the credit union from its supervision.

97S.(1) A credit union may -

(a) within fifteen days after it is given notice of the declaration of the Board that it is subject to supervision; or

(b) within fifteen days after the Board has refused an application by a credit union to be released from its supervision and has given notice to the credit union,

appeal against the determination or refusal of the Board.

(2) The determination of the Board shall not be stayed by the appeal.

97T. Where a credit union is subject to the supervision of the Board, the Board may -

(a) exercise the powers conferred on the Registrar under this Act with respect to the credit union;

(b) supervise the affairs of the credit uinon and make inquiries from its officers, members and employees;

(c) order an audit of the affairs of the credit union by an auditor approved by the Board at the expense of the credit union;

(d) require the credit union to correct any practices that in the opinion of the Board are undesirable or unsound;

(e) prohibit or restrict the raising or lending of funds by the credit union or the exercise of any other powers of the credit union;

(f) appoint an administrator of the credit union (whose salary and expenses shall unless the Board otherwise determines be payable out of the funds of the credit union);

(g) direct the credit union to amalgamate with another credit union, or to sell to another credit union all or part of its assets and liabilities or direct that the credit union be wound up;

(h) remove a director of the credit union from office; or

(i) stipulate principles in accordance with which the affairs of the credit union are to be conducted.

97U.(1) Where the Board appoints an administrator to conduct the affairs of a credit union, the administrator -

(a) has all the powers of the board of directors of the credit union;

(b) may order any officer or employee of the credit union to leave, and remain away from, the offices of the credit union; and

(c) shall report regularly to the Board upon his administration.

(2) Upon the appointment of an administrator of a credit union, unless otherwise determined by the Board, directors of the credit union cease to hold office.

(3) Before terminating the appointment of an administrator of a credit union, the Board shall -

(a) ensure that directors of the credit union have been elected in accordance with the rules of the credit union at a meeting convened by the administrator in accordance with those rules; or

(b) appoint directors of the credit union.

(4) Directors elected or appointed under subsection (3) of this section -

(a) take office upon revocation of the appointment of the administrator; and

(b) in the case of appointed directors, hold office until the annual general meeting of the credit union that next succeeds revocation of the appointment.

(5) An administrator appointed by the Board shall, upon the termination of his appointment fully account to the Registrar for his administration of the credit union.

(6) Unless the Registrar otherwise orders within thirty days after the accounting, the administrator is, upon completion of the accounting, released from all claims by -

(a) the credit union or a member; or

(b) a person claiming under the credit union or a member,

other than claims arising out of fraud, dishonesty, or his wilful failure to comply with the provisions of this Act.

It is important that a reserve board be set up to look after a fund. This is a very important part of future legislation. We accept the comments of the Leader of the House that he will look into this. The Australian federation will be only too pleased to help the Government in respect of funds in other States. There was a further amendment in respect of the two per cent in the South Australian legislation which was probably too high. It would be left to the Minister or the registrar to fix rather than placing it in the Bill.

Amendment put and negatived.

Clause put and passed.

Clauses 76 to 86 put and passed.

Clause 87: Part XI, Division 5 repealed and a section substituted --

Hon J.M. BERINSON: I move an amendment --

Page 110 -- To insert after "difficulty" at the end of the proposed section 170(8) the following --

or towards recouping to the State any moneys of the State that have been applied for any such purpose

The purpose of this amendment is self-explanatory.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 88 put and passed.

New clause 89 --

Hon MAX EVANS: I move --

Page 117 -- Add after clause 88, the following new clause to stand as clause 89 --

After Part XIIA of the principal Act the following Part is inserted -

"Part XIIB - RECONSTRUCTION OF TEACHERS CREDIT SOCIETY LIMITED

175C. (1) In this Part -

"credit union" means Teachers Credit Society Limited.

(2) This Part shall cease to apply upon the termination of the appointment of the administrator to the credit union.

175D. (1) The Registrar may, with the approval of the Minister, direct that any provision of the Act, the Regulations or the Rules of the credit union do not apply to the credit union and may attach such conditions to his direction as he thinks fit.

(2) The Registrar shall not make a direction under subsection (1) unless he is satisfied that in the interests of members, depositors or creditors of the credit union it is expedient to do so.

175E.The Administrator may take such action concerning the management, engagements and affairs of the credit union as the Registrar may approve in

the interests of members, depositors and creditors of the credit union.

175F.The Administrator is not liable for any loss sustained by the credit union, or by any other person, when acting in accordance with a direction of the Registrar pursuant to section 175C(1) or the approval of the Registrar pursuant to section 175E. ".

I expect the Leader of the House would have seen this amendment over the last few days. The amendment is a recommended procedure which may be of some use to the Government with respect to the Teachers Credit Society, to give the Government extra powers to handle that situation. I would be interested to hear the Leader of the House's comments on whether he believes the Government has the powers to handle the Teachers Credit Society problem.

Hon J.M. BERINSON: The Government opposes this amendment on the basis that it is believed that the powers available will be sufficient for the purpose.

New clause put and negatived.

Title put and passed.

The DEPUTY CHAIRMAN (Hon John Williams): Before I ask for the report, I draw the attention of the Leader of the House to what I consider to be one of the worst printed Bills ever brought to this House. It has made the work of the Committee Chairmen extremely difficult. I wish the Leader of the House to pass that comment on to the parties concerned as I can tell him now if a Bill like this appears again I will not sit in this Chair. It has made things very difficult, and I am grateful to the Committee for its cooperation in these difficulties.

Bill reported, with amendments.

FINANCIAL INSTITUTIONS: INVESTIGATION

Select Committee: Motion

Debate resumed from 24 September.

HON E.J. CHARLTON (Central) [11.30 pm]: I wish to refer briefly to this motion and to state the National Party's position. To be precise, the National Party views the situation that existed -- and still exists -- in respect of building societies and credit unions as a very serious one. Certainly the wording of the motion put forward by Hon Max Evans is very much in line with the consideration of action that should be taken, particularly in respect of the appointment of a Select Committee.

The motion in fact refers to this in --

(1) The role of the Government in respect of the registry of cooperative and financial institutions and its supervisory role over credit unions and building societies;

(2) The functions of credit unions and building societies including an examination of the problems experienced by such bodies and particularly, with a view to advising on amending legislation,:

Obviously this includes (a) to (g). However in respect of the proposed Select Committee, I put these points forward: We have in place a number of actions which deal with this matter. One was the Acts Amendment (Building Societies and Credit Unions) Bill, which is a first step towards making sure that a similar situation does not recur. Secondly, there is an investigation by the Corporate Affairs Department into the Swan Building Society; and there are other actions being put forward. Therefore, the National Party does not believe it would be right at this time to have a Select Committee proceed immediately. Certainly the investigation by the Corporate Affairs Department, as covered in the second reading debate on the previous Bill, should be encouraged with all the resourcefulness that can be mustered and can be put at the disposal of the department to enable it to find out all the things which concern Hon Max Evans and every other member of this place.

The National Party views this matter seriously and would be very supportive of Hon Max Evans if it came to pass that an inquiry did not bring out everything that needs to be cleared up in the investigation by the proposed Select Committee. The Government's action in

respect of the R & I Bank is one I have mentioned in the course of the other debate. While we have seen a re-enactment of that situation, which is of a more serious nature in respect of the activities today of Rothwells Ltd, there has to be a rationalisation of the Government's involvement in this sort of thing. There are a number of organisations in the business sector which, for all sorts of reasons, are getting into serious financial difficulties. I wonder at the involvement of some people in firstly placing their investments in these societies and the reasons they do so; and secondly I wonder about the people to whom these building societies lend their money. Obviously a combination of those factors contributed to much of the action that has recently taken place. It is quite evident that we have probably not seen the end of this matter yet. I think everyone is very concerned about what has taken place, but in the short term, as far as the establishment of a Select Committee is concerned, all the action that could be taken has been taken and to launch immediately into a Select Committee to investigate matters that may well be covered by investigations now taking place is not wise.

I have inquired of executives in the building society industry who have commented to me that it would be as much as is possible to expect the report by the R & I Bank to be completed by Christmas. Certainly it will be, if they are doing their job properly; they will come out and make a statement which will give full details of the inquiry. I do not believe that such consideration could be done any sooner. I will not hold the House any longer. We could establish any number of reasons why it is probably not a good idea to proceed immediately with the Select Committee. There will certainly be nothing lost from having the Select Committee up and running, but there would be a doubling-up of inquiries that are currently taking place. I do not want to give the impression that the National Party -- certainly from my point of view -- is opposed to the principle of a Select Committee, but the important point is that it is not in the best interests of the Chamber --

Hon P.G. Pendal: You are not sounding very convincing.

Hon E.J. CHARLTON: Probably not to Hon P.G. Pendal, but I have heard other people, probably more persuasive than me, who have not had any effect on his point of view.

I make it perfectly clear that the National Party agrees with the principle involved, but at the present time the National Party believes it would be premature to proceed with a Select Committee. We should wait until the other investigations and the report of the R & I Bank have been concluded. The Parliament will then be in a position to make up its mind in the light of the facts that have been put forward in a precise and clear way.

HON J.M. BERINSON (North Central Metropolitan -- Leader of the House) [11.39 pm]: I also oppose this motion, although for different reasons from those put forward by Hon E.J. Charlton.

There are really only three purposes that might be served by this motion. The first is to consider whether the Government should have provided its assistance in respect of both the Home Building Society and the Teachers Credit Society; the second question relates to the provision of advice on amending legislation; and the third looks for some account of the causes of the financial difficulties of those two institutions.

As to the cost, I provided a comprehensive outline in my reply to the second reading speech on the Acts Amendment (Building Societies and Credit Unions) Bill. If I remember correctly, Hon Max Evans said at that point that not much could be added. The question of new legislation has been dealt with by the same Bill, and only tonight we completed the passage of it through the Committee stage in this House.

As to whether the Government should have assisted, that is not a matter for a Select Committee to decide; it is a matter of financial and political judgment. The Government has made its judgment in respect of Teachers Credit Society and Home Building Society in the interests of the many thousands of depositors with both groups. That decision was made with a view to the responsibility involved, but also considering the capacity of the State to help what could have been very damaging and distressing circumstances for the thousands of depositors to whom I have referred.

As in the case of the Rothwells Ltd guarantee, it has been very difficult to extract from the Opposition what it thinks should have been done, let alone what it would have done faced with similar circumstances. Whatever the case, the assistance has been offered, the Government stands by it, and public judgments can be made on that through the ordinary

political process and would not be assisted by the proposed Select Committee. For those reasons the Government opposes this motion and I urge the House to reject it.

HON G.E. MASTERS (West -- Leader of the Opposition) [11.42 pm]: I am not really surprised that this debate was brought on tonight. Quite obviously the Government wants to bring on the debate of such an important motion at a time when there is less likelihood of its being thoroughly reported in the media. It is obvious that the Government has something to hide -- there can be no other explanation. Hon Graham Edwards knows that only too well; he should not forget that we have been on that side of the House also.

Hon Graham Edwards: You will not be on this side for a long time.

Several members interjected.

The PRESIDENT: Order! If Hon Philip Lockyer and Hon Tom Stephens interject again, I will take some action. It is in absolute defiance of the Chair, and Hon Tom Stephens has been doing it all night. I will not tolerate it. When one of those members starts, that immediately seems to be a signal for the other to join in. I will not stand for such behaviour at a quarter to midnight.

Hon G.E. MASTERS: The reasons set out on the Notice Paper by Hon Max Evans for the setting up of a Select Committee are quite legitimate and a proper function of the Legislative Council. Indeed, I would say it is a responsibility of the Parliament and, if necessary, the Legislative Council on its own to investigate certain activities whether or not that embarrasses the Government of the day. Quite obviously, the Government opposes the move to set up a Select Committee because it thinks it will suffer some embarrassment as a result of the investigation and a report to the Legislative Council.

We are all aware of the problems of Teachers Credit Society, and many of us were certainly aware of those impending problems as far back as October last year. Certainly, the Government, some Ministers, and the Treasurer must have been aware of the possible difficulties of Teachers Credit Society well before Christmas of last year at the very latest. There were a number of reasons for those difficulties. It is only a matter of conjecture at this stage as to whether they were a result of bad management or failure of the Government to prevent what was going on, and that is the reason for the proposal to set up a Select Committee. The activities of the Teachers Credit Society were viewed with some concern by business people in the city area over many months, and the Teachers Credit Society was regarded by some as a kamikaze organisation in its investment policies -- it was setting up deals that many other financial institutions would not touch. The Government appears to have ignored those warnings and not taken action until it was too late.

Hon E.J. Charlton: And so did the people who put their money in.

Hon G.E. MASTERS: The Government ignored the warnings of several people, and action should have been taken earlier. The situation became more and more difficult and the funds of many thousands of depositors were threatened. That was a serious matter. The Government had no alternative but to take action to save the money of the thousands of small investors. If the Liberal Party had been in government, we would have taken similar action. However, it should not have been necessary or the risk should not have been as great as it was. The Opposition did not publicly or in Parliament criticise the action taken by the Government. However, the Government has now committed vast amounts of taxpayers' funds. The only way the Government will finance these commitments and the many millions of dollars required will be through additional taxes because the Government slush fund of $150 million will certainly not touch the sides with regard to some of those commitments. That is the Opposition's concern.

In addition to Teachers Credit Society, I understand the Government has made certain commitments to the Home Building Society in connection with its takeover of Swan Building Society. It was appropriate for action to be taken in that matter, but taxpayers will bear some of the costs that Home Building Society would have had to accept if the Government had not stepped in. We shall probably only find out at the end of this financial year how much these exercises will cost taxpayers.

I was interested to hear members of the National Party talk about the serious nature of the situation. They referred to an inquiry by Corporate Affairs and suggested that it should be allowed to proceed before Parliament took any action. I disagree. Now is the time for the

Legislative Council -- in fact, the Parliament -- to set up a Select Committee to investigate certain matters. The Corporate Affairs inquiry may overlap some of the terms of reference of Hon Max Evans' proposed Select Committee. However, it will not cover some of the issues that Hon Max Evans set out in his terms of reference. It certainly would not cover (2)(a) which refers to the extent of the indemnity given by the Government to the R & I Bank relating to the Teachers Credit Society and the financial impact thereof on the State. I do not think Corporate Affairs will be taking that issue into account. It would not be one of its terms of reference. Point (2)(b) talks about the extent of the indemnity given by the Government to the Home Building Society in respect of the Swan Building Society and the financial impact thereof on the State. Again I doubt very much that the inquiry by the Corporate Affairs Department would take that into account.

We have a responsibility as members of the Legislative Council when issues and questions are raised which affect the finances and the Budget management of this State and which affect every man, woman, and child as far as future taxes and Government charges are concerned. We should make inquiries, and if there is guilt or fault on any side, and indeed if a Minister is partly responsible and should take some of the blame, it should be brought out in our inquiry. If there is no guilt and the proper course of action has been taken by those responsible in Government, whether Ministers or departments, they will be cleared.

Surely to goodness the responsibility of the Legislative Council where matters such as this are raised is to set up an inquiry of some sort. A Select Committee is a proper function of this Legislative Council, and I will be very sorry if the House votes to oppose its setting up. There can be only one reason for it as far as the Government is concerned -- it has something to hide. If it has something to hide we should find out exactly what it is.

HON H.W. GAYFER (Central) [11.52 pm]: My colleague has spoken and given the views of our party in respect of this matter. We have dissected very carefully the Bill which has just gone through its Committee stage. We listened with a great deal of interest to the Minister's second reading speech on that Bill, and the parts which are clearly marked in my *Hansard* on pages 4962 and 4963 are relevant and cut right across Hon Max Evans' motion.

Hon G.E. Masters: I pointed out that there are some which do not.

Hon H.W. GAYFER: It does not matter. We are entitled to our views. My colleague, Mr Charlton, said that if the inquiry that has already been set up proves to be of no avail, we will support a Select Committee of inquiry from this place. What else is there for us to do? I could go a little further, and you will be aware of this, Mr President. We are getting pretty thin on the ground as far as these Select Committees are concerned. It will not be long before Mr Masters and I will be sitting on a Select Committee, and that will be rather dangerous.

All we are saying is that an inquiry is going on and we have just brought in legislation which will guard against this problem. It has received the rapt attention of everybody in the Opposition and Government alike. If the inquiry set up by the Minister does not come good, we will be right behind Hon Max Evans.

HON MAX EVANS (Metropolitan) [11.55 pm]: I appreciate the comments of the National Party that, God willing, if there is a need later on they will support us. I want to go back to the real thrust of my motion for a Select Committee to look at the role of the Government in respect of the Registry of Co-operative and Financial Institutions and its supervisory role over credit unions and building societies.

This has come out over and over again in legislation. The Leader of the House itemised certain days of certain months on which the registrar had been into the Teachers Credit Society, and we were given some answers regarding the sale of a building, getting the reserves up, and the securities not being good enough. I believe the registrar should have been far more alert long before that once he saw that the thing was blowing out in 1983. It should not have taken until October 1986 to set up a working party to look at the matter. The job of the registrar was to look at the society in 1983. The Teachers Credit Society was going wrong then. It was obvious to anyone. The registry was doing nothing when it could have gone in there and found all these loans to persons who were not natural persons but corporate bodies. They were corporate loans. They could have looked at the size of the loans and the registrar could have limited them.

He could have taken a closer look at the statutory reserves. He lifted the limit of the statutory reserves of Teachers Credit Society and two other credit unions. They could have looked at commercial loans and asked where all the money was going that was being put out in commercial loans. They could have discussed that matter further with the society. That is what I am after -- the role of the Government and the registrar in looking into this whole thing. The legislation was there and the whole operation was there to look into it, but it was not done.

A Bill has been completed tonight which takes out part (2) of my motion. I will take credit for this. That is why the Government rushed the legislation forward. It was another excuse. They said, "We have got that part cleaned up now; you do not need a Select Committee to help us on our legislation. We have rushed it through. We have already been told it was not good legislation and there were far too many amendments because the Government did not confer with the industry." So be it, there is legislation there to try to knock out point (2) of my motion.

In relation to the extent of the indemnity, I must admit that at the time I wrote this motion four or five weeks ago nobody could envisage the problems the R & I Bank is having or will have in relation to the extent of the indemnity. What will the loss be? They talk about 31 December, and that is a very interesting date. I have known the directors of a public company who wanted to have a quick annual general meeting with no shareholders or journalists present to hold it on 31 December, New Year's Eve. Nobody wants to report on anything on that date. The R & I Bank report may come down on 31 December for the same reason. It is not worth reporting on that date because everyone is going off on a holiday. That is when we are told we will know the answers on the Teachers Credit Society.

We are told that Corporate Affairs is looking into the Home Building Society. I have not checked the Act, but I cannot see how Corporate Affairs comes into investigating a building society. It is not a part of its bailiwick. I had hoped the Minister might refer to this. I do not think it is Corporate Affairs' job to look into Home Building Society at all.

The R & I Bank is looking at Teachers Credit Society, but it will not look at the whys and wherefores and what went wrong and the lack of supervision. The bank is there for only one reason -- to find out the extent of the loss. It is not there to find out all the faults and what caused it to go wrong, and whether it was lack of Government supervision. That is what I am interested in, not the full extent of the debt. I thought that was going to be easy to discover, but it will be a lot harder now. What I want to know is what was the impact of the Government's lack of supervision. I am certain the R & I Bank will not be looking at that. If it is in its terms of reference I am certain the Government would not let the bank bring forward an adverse report on the Government.

If Corporate Affairs is looking into the Swan Building Society -- and I do not believe it is Corporate Affairs' job to do that -- it will be mainly looking at the fraud, the losses, and the maladministration of the society. It will not be looking at the maladministration of the registrar's office and why it did not go in there to ask questions and sort out the problems. That is not what Corporate Affairs will be asking. It will be looking at the extent of the debt and the fraud and whether anybody should be charged in the whole deal. My Select Committee would look at another aspect -- the Government's control. I said right from the start that my inquiry is not a witch-hunt into the Teachers Credit Society or the Swan Building Society; other people can do that. Mine is a Select Committee into the Government and how it administers its departments and how Ministers supervise the departments, and whether there was a lack of supervision. It would look at whether a report was made to the Minister about what was going wrong. Paragraph (2)(e) of the motion refers to the role of the Government relating to the takeover of the administration of the Teachers Credit Society by the R & I Bank. Was the bank forced into that administration? If so, that administration must make a great demand on the resources of the R & I Bank at the present time. Paragraph (2)(f) refers to the takeover of the Swan Building Society by the Home Building Society. We have dealt with legislation relating to whether those mergers can be forced or not. I believe it will be easier in the future under new legislation.

Originally, we heard that the Swan Building Society was to be taken over by the Town & Country WA Building Society, but for some reason known only to itself, it did not. An investigation might reveal why it did not. A story was also being told at the time that the

Home Building Society would be indemnified by the State Government Insurance Commission. With these sorts of ideas coming from the Government, I believe it lacks business acumen. How could the Swan Building Society and the Home Building Society take out an indemnity insurance policy with the SGIC to cover their losses? Apparently that was put up as an initial recommendation. When the R & I Bank first took over the Teachers Credit Society, we were told that the big debts were no problem. We all know what happened to Laurie Potter. Who will be next, Tilli, Martin, or Turner? Two of them have had a very bad track record.

The last part of my motion deals with the investment of $4 million by the Teachers Credit Society in shares in Brockley Investments Ltd. That was matched by $4 million from the Superannuation Board. I have now heard the Superannuation Board was not even advised of the $4 million investment. Apparently, it was a unilateral decision made by Len Brush in conjunction with Alex Clark of the Teachers Credit Society.

A lot more has to come out about this link between the Superannuation Board and the Teachers Credit Society. I believe that the information given to this committee could reveal things that are very bad for the State financially. We could find out what the Government was doing. Some of my comments have been misinterpreted. I really wanted to know about the administration of the Act. In the debate on the building societies and credit union legislation the other day, I did not receive an assurance from the Leader of the House that such a lack of administrative ability would ever happen again. I hope the new registrar will more tightly control all the legislation under his responsibility.

Question put and a division taken with the following result --

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Ayes (9)

Hon Max Evans	Hon P.G. Pendal	Hon Margaret McAleer
Hon P.H. Lockyer	Hon W.N. Stretch	*(Teller)*
Hon G.E. Masters	Hon John Williams	
Hon Neil Oliver	Hon D.J. Wordsworth	

Noes (13)

Hon J.M. Berinson	Hon H.W. Gayfer	Hon Mark Nevill
Hon T.G. Butler	Hon John Halden	Hon Tom Stephens
Hon E.J. Charlton	Hon Kay Hallahan	Hon Fred McKenzie
Hon D.K. Dans	Hon Tom Helm	*(Teller)*
Hon Graham Edwards	Hon B.L. Jones	

Pairs

Ayes	Noes
Hon C.J. Bell	Hon Robert Hetherington
Hon N.F. Moore	Hon S.M. Piantadosi
Hon I.N. Caldwell	Hon J.M. Brown
Hon Tom McNeil	Hon Garry Kelly
Hon A.A. Lewis	Hon Doug Wenn

Question thus negatived.

ADJOURNMENT OF THE HOUSE: ORDINARY

HON J.M. BERINSON (North Central Metropolitan -- Leader of the House) [12.05 am]: I move --

That the House do now adjourn.

Industrial Relations: Dole Payments

HON T.G. BUTLER (North East Metropolitan) [12.06 am]: I bring to the attention of the House an article that appeared on the front page of tonight's *Daily News* under the headline, "Bosses in dole rip-off". The article is about two young people who have fallen victims to employers over working arrangements outside the normal industrial relations system. The first person was paid $273 for a two-week job and was told by his boss to claim the dole while he worked. The other person was told that if he continued to complain about three

days' pay that he had not received, he would receive a punch in the mouth. I am concerned about that.

While I have not heard the Liberal Party talking about voluntary contracts for some time, I believe it is part of its industrial relations policy. We will run into many problems if the policies of the Liberal Party on voluntary contracts succeed. These people will be denied the protection of the Industrial Relations Commission and will be subjected to all sorts of foul conditions in contracts. It might be all right to say that these people will have redress to common law. The fact is that, if a person is on the dole or unemployed, he will find it very difficult to pay for a solicitor to defend himself.

I sound a note of warning to people who still believe that the best way to go in industrial relations is the voluntary contract system when, quite clearly, it is not. That system will deny people their proper earnings and the protection of the Industrial Relations Commission.

Shannon River Basin: Member's Comments

HON W.N. STRETCH (Lower Central) [12.10 am]: I seek the indulgence of the House to clarify a misunderstanding which might arise out of some remarks in the recent edition of *Hansard* made by Hon Kay Hallahan, the Minister who was handling the debate on the Shannon Basin. At one stage in her concluding remarks she said, "I cannot help drawing attention to the words of Hon Bill Stretch -- and I hope he will not be known by this for a long time to come -- when he said that the tragedy of the Shannon is that it has become a rallying point for conservatives."

I point out to the House that if members check back to page 4942 where my remark was made, instead of looking at page 4950, they will see that in fact I said that it had become a rallying point for the conservation of Western Australia. The point was that by becoming a rallying point the Shannon had been given an emotional rating far beyond its actual conservation value. I wanted to draw that to the attention of the House, and particularly the Minister, so that it does not appear in any of the type of Press releases we have seen recently, which would further exacerbate that misunderstanding.

HON KAY HALLAHAN (South East Metropolitan -- Minister for Community Services) [12.11 am]: I make it clear to Hon Bill Stretch that I read the proof from *Hansard* only today and also picked that word up. I certainly thought I said conservation, and I changed that in the proof that I sent back to *Hansard*. The point was, I thought it would probably stick rather badly with Hon Bill Stretch's reputation to have made that comment. That was why I drew attention to it.

House adjourned at 12.12 am (Wednesday)

QUESTIONS ON NOTICE

PLANNING DEVELOPMENTS
Bunbury: Submissions

375. Hon P.G. PENDAL, to the Minister for Sport and Recreation representing the Minister for The South West:

(1) Did the Minister announce in Bunbury on the morning of Wednesday, 30 September 1987, the results of the submissions received on the redevelopment of Lots 1 and 3 in the town centre?

(2) Did he announce these submissions would be open for public comment and/or submission for 10 days?

(3) Why was such a limited 10-day public comment period nominated?

(4) At what point during the last 10 days did the Government make the decision to award the agreement to the P. Tilli group of companies?

(5) Were any public comments received in that period, and, if so, how many?

(6) Would he be prepared to table the departmental files as to when the decision was made to award the project to the P. Tilli group?

(7) Is the Government concerned about the capacity of the awardee to perform according to the contract or agreement with the Government?

(8) Has the connection between the Tilli group and the Teachers Credit Society been assessed to ensure that there is no impediment to the successful conclusion of the contract in Bunbury?

Hon GRAHAM EDWARDS replied:

(1) No. The Minister for The South West launched a public display in Bunbury of schematic drawings and plans supplied by the six tenderers for Lots 1 and 3.

(2) Yes -- period 30 September 1987 to 9 October 1987.

(3) It was the Minister's initiative to involve the public in comments on their preferred development proposal. The public display was well advertised, and 10 days were considered appropriate for the purpose. Furthermore, the developers indicated a desire to proceed quickly in order to have the developments completed by November 1988.

(4) Saturday, 10 October 1987. The Minister met with G. Rasile, chairman of the selection panel, and Dr Manea, at 5.00 pm in the Minister's south west office.

(5) Approximately 815 people visited the display. 275 submissions were received during the period 30 September 1987 to 9 October 1987.

(6) No. Commercial confidentiality was guaranteed by both the technical panel and the selection panel to each of the developers, and the Minister intends to uphold the above commitment. The Minister was advised of the selection panel's recommendation on Saturday 10 October at 5.00 pm.

(7) No. The Government put in place a technical panel to advise on each group of tenderers, and the selection panel and Minister have accepted their advice in respect to the awardee.

(8) Yes.

COMMUNICATIONS: RADIO STATION 6PR
Government Purchase

381. Hon TOM McNEIL, to the Minister for Sport and Recreation representing the Minister for Racing and Gaming:

(1) Will the Minister give an assurance that the sale of Radio Station 6PR to the TAB will have no detrimental effect on the funding base of galloping, trotting, and greyhound racing?

(2) Will the primary responsibility of the station rest with the board of the TAB?

(3) With the sale of the station, will the management alter?

(4) Is it envisaged that the racing industry will have a consultative involvement in the running of the station?

Hon GRAHAM EDWARDS replied:

(1) An assurance has already been given by the Government to the racing industry that the funding base of galloping, trotting, and greyhound racing will not be affected as a result of the Government's assistance to the TAB in purchasing Radio 6PR.

(2) No. The primary responsibility of the station will rest with Radio 6PR's board of directors.

(3) This will be a matter for decision by the board of directors of Radio 6PR.

(4) See (3).

QUESTIONS WITHOUT NOTICE

ROTHWELLS LTD
Government Action: Consultation

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

Was he consulted on the $150 million Government guarantee in the Rothwells Ltd bank rescue move?

Hon J.M. BERINSON replied:

Yes.

ROTHWELLS LTD
Government Action: Provision

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

What provision has he made for setting aside $150 million in the event of any part of the guarantee being called upon?

Hon J.M. BERINSON replied:

The nature of the support provided by the Government does not require funds to be set aside. In any event, further details of the transaction will be in the hands of the Premier, and questions of this nature should therefore be placed on notice.

ROTHWELLS LTD
Government Action: Budget Effect

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

I am absolutely staggered that the Minister should have answered the previous question in that way.

Hon Graham Edwards: You are abusing question time.

Hon G.E. MASTERS: The Minister for Budget Management was abusing question time by not answering questions in areas for which he has responsibility.

How will the setting aside of the $150 million affect the State Budget?

Hon J.M. BERINSON replied:

The question is based on an assumption that the State will be called on to find $150 million to meet losses covered by the guarantee. There is no basis for such an assumption.

ROTHWELLS LTD
Government Action: Payment

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

Is he saying that the Government has given a guarantee of $150 million but taken no account of the fact that it may have to pay it?

Hon J.M. BERINSON replied:

I am not saying that. I am saying that the Leader of the Opposition is making a mistaken assumption in proceeding on the basis that the $150 million guarantee will be called up in cash. There is no basis for such an assumption.

ROTHWELLS LTD
Guarantee: Details

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

Will he and the Government give full details of the Government guarantee provided to Rothwells Ltd last weekend, including all associated arrangements, agreements, and understandings, and all documentation completed or to be completed? I think the House deserves that at least.

Hon J.M. BERINSON replied:

I have already indicated that questions of this nature should be directed to the Treasurer.

ROTHWELLS LTD
Guarantee: Treasury Advice

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

Will the Government give details of Treasury advice on the Government guarantee?

Hon J.M. BERINSON replied:

I do not know whether the questions are being repetitively boring, or whether it is the answers, but I have already made it clear on at least three occasions that all details relating to this transaction fall within the ministerial responsibility of the Treasurer and that is where any relevant questions should be directed.

ROTHWELLS LTD
Guarantee: Reserve Bank Advice

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

Referring to his earlier statement that he was consulted and had consultations with regard to the loan guarantee, I am sure he will be able to answer this question. Does he have any knowledge of advice given by the Reserve Bank on requests for some sort of financial guarantee for Rothwells Ltd?

Hon J.M. BERINSON replied:

No.

JUSTICES OF THE PEACE
Practice: Restrictions

386. Hon P.H. LOCKYER, to the Attorney General:

Is it normal practice of late for his department when appointing justices of the peace to say that the justices are restricted to operating in the relevant shire or to a restricted area rather than to say that the normal practice applies of their being able to operate anywhere in Western Australia?

Hon J.M. BERINSON replied:

This is not a practice of late, but one which I understand has been in place for many years.

TEACHERS CREDIT SOCIETY
Investigation: Corporate Affairs Department

387. Hon G.E. MASTERS, to the Attorney General:

Given that the police are now reported to be examining the collapse of the Teachers Credit Society and the Swan Building Society, and that the Corporate Affairs Department is inquiring into the operations of the Swan Building Society, will he now request the Corporate Affairs Department to conduct an inquiry into the operations of the Teachers Credit Society?

Hon J.M. BERINSON replied:

I do not think that it falls within the responsibilities of the Corporate Affairs Department to conduct an inquiry of that sort. I cannot be certain about that because the question has not come to my attention in that form before. As I understand it, the extent to which the department's investigations have taken place has been in response to requests for its professional services rather than as an exercise of its departmental duties. I would prefer to take my answer no further pending further consideration of the matter.

SPORT AND RECREATION FACILITIES
Carnarvon Shire

388. Hon P.H. LOCKYER, to the Minister for Sport and Recreation:

(1) Did the Minister recently have discussions with the Carnarvon Shire?

(2) If so, in any discussions on the possibility of the construction of a new civic centre there did he give an undertaking that should it include sporting facilities funds might possibly be forthcoming from the Government?

Hon GRAHAM EDWARDS replied:

(1)-(2)

What I said was that because it was not a sporting facility it was beyond the possibility of my department providing funding. I think I directed them to the Minister for The Arts.

SPORT AND RECREATION FACILITIES
Carnarvon Shire

389. Hon P.H. LOCKYER, to the Minister for Sport and Recreation:

If some sort of sporting facility were included in the design of the new civic centre in Carnarvon, would his department consider providing funds?

Hon GRAHAM EDWARDS replied:

Any sporting facility built anywhere across the State is eligible for consideration for funding by the Department for Sport and Recreation.

ROTHWELLS LTD
Investment: Superannuation Board

390. Hon MAX EVANS, to the Minister for Budget Management:

Would the rules of the State Superannuation Board allow it to invest funds with Rothwells Ltd?

Hon J.M. BERINSON replied:

I do not have the faintest idea, nor do I have any obligation to know the answer to the question. Questions about the Superannuation Board are in the same category as Mr Masters' questions.

JUSTICES OF THE PEACE
Relocation: Resignation

391. Hon P.H. LOCKYER, to the Attorney General:

Is it also the practice for his department to advise justices of the peace that

if they shift from their original area they are no longer considered to be justices of the peace and have to resign?

Hon J.M. BERINSON replied:

That is the general practice. I am not sure whether the member has come across a case where that advice has not been given. If so, I would be happy to hear from him.

MINISTER FOR BUDGET MANAGEMENT
Portfolio Responsibilities

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

Will the Minister give the House a definition of his responsibilities as Minister for Budget Management so that we will have some idea of whether we can ask him questions at all?

Hon J.M. BERINSON replied:

As I have previously explained, I am responsible for all the important bits, and the Treasurer looks after the rest. That is about the long and short of it.

I can refer the member to the particular Statutes for which each of the Ministers is responsible and which are available in the ordinary printed lists. He will see that the particular Statutes that come under the responsibility of the Minister for Budget Management, for example, relate, on the whole, to the administration of our various taxes, including payroll tax, stamp duty, land taxes, and others.

Apart from that, my duties involve me in an association with the Treasury Department in the formulation of the Budget. It covers a wide field, but does not make me responsible for every department or statutory authority which has any connection with that process.

ROTHWELLS LTD
Guarantee: Comparison

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

Will the Minister confirm that the $150 million guaranteed to Rothwells Ltd is approximately two-and-a-half times the annual value of all of the money collected under land tax?

Hon J.M. BERINSON replied:

From memory, land tax collections for this year are running at about $59 million or $60 million, so the $150 million is two-and-a-half times that sum. However, it is impossible for me to discern what possible relevance there is in the proportion. We might as well say it is one-forty-fifth of the total State Budget or one-two-thousandth of the Budget of the United States. I really do not understand the relevance of that question other than as a continued sniping at the support arrangements which the Government has put in place.

If the member wants to attack those, I wish he would and we would know what there is to defend. I assure him we will have an adequate response.

Hon P.G. Pendal: It is too close to the truth.

Hon J.M. BERINSON: This sniping with irrelevant questions does not get us anywhere.

Seriously, this situation emerged in the latter part of last week and over the weekend. The Government has made its position clear. I still have to know what the Opposition's attitude to it is. What does it say?

Hon P.G. Pendal: Read the announcement.

Hon J.M. BERINSON: What does the Opposition say we should have done?

Hon P.G. Pendal: Read the announcement.

The PRESIDENT: Order! If members think that I will allow this House to be held to ridicule because of the activities of members, they have another think coming. If they want to continue with the time honoured practice of asking questions without notice, I suggest that they be content with the answers that the Ministers give. Should members feel aggrieved by the answers, appropriate provisions allow for certain actions to be taken under the Standing Orders. Nowhere in our Standing Orders is there a requirement that answers to questions have to be those that the members want. Rather than have this very important part of our proceedings held to ridicule, I will take appropriate action by curtailing question time for the rest of today.