

Legislative Council

Wednesday, 9 November 1988

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 2.30 pm, and read prayers.

PETITION - WESTERN AUSTRALIAN MUSEUM

Percy Markham Collection - Sale, Objections

A petition bearing 80 signatures and arguing against the sale by the WA Museum of the Percy Markham collection of vintage and veteran cars was presented by Hon P.G. Pandal.

[See paper No 578.]

COMPANIES AND SECURITIES LEGISLATION (MISCELLANEOUS AMENDMENTS) BILL

Introduction and First Reading

HON J.M. BERINSON (North Central Metropolitan - Attorney General) [2.34 pm]: I seek leave to introduce a Bill and to move to the first reading forthwith. I will take a moment to indicate the reason for this. The position is that at yesterday's sitting I agreed to the proposal of the Leader of the Opposition to suspend Standing Orders for the purpose of debating a motion on Rothwells Ltd. It was unusual, in my experience, that the debate on that single issue went past 11 o'clock and I was then precluded from giving notice of my intention to introduce a Bill at today's sitting. The Bill involves the National Companies and Securities Commission (State Provisions) Act and others and is being expedited by the Government at the specific request of the National Companies and Securities Commission. I therefore propose that in line with the timetable that otherwise would have been followed had yesterday's mishap not occurred we proceed to the first reading today on the basis that the second reading will proceed in the ordinary way tomorrow leaving it open to the House to debate the Bill next week.

Leave granted.

Bill introduced, on motion by Hon J.M. Berinson (Attorney General), and read a first time.

MOTION - EDUCATION

Federal Control - Concern

HON N.F. MOORE (Lower North) [2.40 pm]: I move -

That this House affirms its belief that education is constitutionally a matter for the States, and therefore views with alarm the endeavours of the Commonwealth Government, contained in the documents -

- (i) Strengthening Australia's Schools; and
- (ii) the Tertiary Education White Paper,

to centralise in Canberra, decision-making at all levels of education.

I move this motion because I am becoming increasingly concerned at the direction in which the Federal Government is heading in the field of education. Since Mr John Dawkins became the Minister for Employment, Education and Training he has launched on what I consider to be a deliberate attempt to undermine the role and position of the States in the education area. In fact, his actions in the last 12 months in my opinion represent a very serious threat to the sovereign right of this State and all other States to make decisions about their education systems. The two areas mentioned in my motion which cause me the greatest concern are: First, the Minister's actions as a result of the tertiary education white paper and the subsequent events, particularly in Western Australia, since the publication of that paper; and, secondly, a document which has received very little coverage in the media and very little public attention called, "Strengthening Australia's Schools". Those two documents represent very clearly the direction that the Federal Minister is proposing to take. If members think about the Australian Constitution and about the intention of the founders of

that Constitution, they will understand quite clearly that the Constitution deliberately set out to define the powers of the Federal Government.

The PRESIDENT: Order! Half a dozen audible conversations are taking place in the Chamber. I suggest that members refrain in order that we have a chance of understanding what Hon N.F. Moore is talking about.

Hon N.F. MOORE: I have no doubt that you, Mr President, will understand what I am talking about because it is a matter of considerable constitutional import. I acknowledge that you have been listening closely to my comments and will agree with my concern about changes to the Constitution which are taking place without the required constitutional support.

The original Constitution itemised and delineated the powers of the Commonwealth and other powers - residual powers - were left to the States. Education was not one of the original powers of the Commonwealth; it was retained in the Constitutions of the States. Over the years the Constitution of Australia has been changed in a number of ways; regrettably most changes have been brought about other than by means provided for under the Constitution; that is, by virtue of a referendum. At various times since Federation High Court decisions have ruled in favour of the Commonwealth Government and those decisions have led to changes in the way the Constitution operates. Commonwealth Governments have also used their financial powers to give them authority in areas in which they were not given that right constitutionally. In the area of education the Commonwealth Government has become involved in relatively recent times through its involvement in tertiary education and in its use of tied grants to the States in respect of primary and secondary education. The involvement has not been just by Labor Federal Governments, but also by coalition Federal Governments; it does not seem to matter which party is in office in Canberra, they have the same view about usurping the powers of the States.

Hon Garry Kelly: Is it the Canberra air?

Hon N.F. MOORE: It seems to be a change that takes place over a period of time. When one talks to Western Australian Federal members of Parliament one can almost see the change taking place; they start by saying that they will defend to the death the rights of the States to be involved in making their own decisions and will fight the intrusion of Commonwealth power. That lasts for the first six months and they then realise that politics is not like that and it would be far better for the decisions to be made federally.

Mr Dawkins has made a very brutal attack on the State's rights in education. I begin my detailed comments about Mr Dawkins' actions by referring to the paper called "Strengthening Australia's Schools - A Consideration of the Focus and Content of Schooling", which was produced on 23 May 1988. I mention this first because the transgression by the Commonwealth into Australia's schools is quite alarming. For many years we have witnessed Commonwealth involvement in tertiary education, but its involvement in primary and secondary schools has been minimal and confined to financing allowances to students and a variety of support benefits that are in a sense peripheral to what goes on in our schools. I was alarmed to read this document and to find out what seems to be the intent of the Federal Government. I quote from the document in part so that members will be aware of the area in which the Commonwealth seeks to intrude. The introduction to the paper states -

Since the creation of the integrated Employment, Education and Training portfolio in July, 1987, the Government has pursued the task of adjustment in these three areas.

The three areas are those connected particularly with training. It continues -

In this connection it is time now to turn our attention to the schools of Australia.

That very clearly points out that Mr Dawkins, having got himself involved very heavily in tertiary education and training, is now turning his attention to the schools of Australia which are constitutionally under the authority of the States. The paper refers to the Commonwealth recognising the constitutional and financial involvement of the States in education, but then states -

But the Commonwealth will not ignore the very real responsibility it has to provide national leadership.

That is a motherhood statement; it is very hard to argue against and it provides a reason for the Commonwealth choosing to become involved in an area which in my view is none of its business. The document continues -

As well it is essential that everybody involved with education develops a national perspective. The shared commitment of governments, administrators, teachers, students, parents, business and the community more generally to agreed national goals is the first step. A national effort will provide the framework for achieving that commitment and co-operation.

Here we go again - reference to a national effort, national goals and a national direction in relation to primary and secondary education. It continues -

A cornerstone of a national effort must be a clear statement of the fundamental purposes of our schools, their objectives and priorities.

It continues by outlining what that statement should contain and recognise. That is typical of the Commonwealth approach when it wants to become involved in any area. It says that it has no constitutional right to be involved but, if it did have that right, it would seek a cooperative approach between all the States to ascertain what should be done. After a while, because of the Commonwealth Government's many resources and expertise the States begin to fall in line; later on the Commonwealth suggests that instead of representatives from all States getting together to make decisions in a cooperative way, it would be easier and cheaper for the Commonwealth to take over that area and to make the decisions for the States. The States agree and the Commonwealth throws in the line that it will save the States money if they allow the Commonwealth to do it. That is the bottom line. By using those devices and the thin end of the wedge approach, the Commonwealth takes over an area which was traditionally an area of responsibility for the States. The document continues -

To fulfil these basic purposes and meet community expectations they ought to provide a coherent curriculum appropriate to contemporary social and economic needs.

The document says that in order to achieve these national goals, we have to look at the curriculum as it relates to the national goals of the national Government. The first area about which I have concern is the move towards a common curriculum framework. It is being argued in this document that Australia needs a common national curriculum in primary and secondary schools. The document says -

What is required is the development of a common framework that sets out the major areas of knowledge and the most appropriate mix of skills and experience for students in all the years of schooling -

The document then says, so that people like me do not get too upset -

- but accommodates the different or specific curriculum needs of different parts of Australia.

I expect that when we look at "Strengthening Australia's Schools" edition No 28 in about five years time this will have been dropped off and we will be looking simply at the development of a common framework of knowledge for curriculum development right across Australia. The Federal Minister, when defending this paper against some initial criticism, put forward very forcibly the argument that a national common framework or curriculum is necessary because a greater number of people are moving from one State to another. However, the number of people moving from State to State is only a small percentage of the total Australian population, and it is absurd to use this argument as a reason for changing the constitutional powers of the States and the Commonwealth. We should not entertain such an argument. We can overcome the problems of these people by using a cooperative approach through the Australian Education Council.

The first aim of the Commonwealth is to have a national curriculum. The idea is to achieve this initially by a cooperative approach, where the States will come together for cooperative talks. However, we will find that it will become too difficult and expensive for people to travel constantly, and the Commonwealth will say, "We have the money and the resources. We will do it here in Canberra, and you can come here occasionally to see whether we are doing the right thing." There will ultimately be a Commonwealth takeover of the

curriculum, and the curriculum for all Australian schools will be written by bureaucrats in Canberra. This will mean that what every child in every Australian school will be taught will be determined by a bureaucratic organisation in Canberra. That is not the sort of education system we in Western Australia should have.

The second thrust of this document is a common approach to assessment. The Commonwealth wants to be involved not only in what students are being taught but also in the assessment of their ability to comprehend what they have been taught. The document talks about a common approach to benchmarks for measuring student achievement, and assessing school performance, and says that public reporting on school level education must be a further objective of a national effort. I do not see why the Commonwealth needs to be involved in assessment, nor why bureaucrats in Canberra should assess how students are performing in relation to the common curriculum.

The third area of concern relates to the training of teachers. The document talks about a national effort to improve the quality of teachers in Australia. I concur with that as a general aim, but we in Western Australia can do something about that without having to worry about the Federal Government being involved. There is a line in the document which causes me great alarm. It says -

The possible benefits of national guidelines for the registration of teachers should also be examined.

That is a sinister line because it means that we will have a national system of registration of teachers, where every person who wants to teach in an Australian school will have to be registered by a national body, which presumably will be run by the Federal Department of Education. If we put those three areas together, we have the potential for Commonwealth control over what is taught in schools, how it is assessed, and who will teach it. If there is Commonwealth control over those three aspects of education, the Commonwealth will then have total control over the system because those three areas are fundamental to any education system. It is obvious that is the direction in which the Federal Government wants to go in the field of primary and secondary education. The Federal Government is using this paper to give a few carrots to the States to get them to be enthusiastic about its proposals. The document talks about maximising investment in education and about using the resources of the Commonwealth to assist in maximising that investment. The document talks also about a national coordinating mechanism to enhance cooperative and joint undertakings in an area where the Commonwealth really has no rights. The document talks about the removal of unnecessary differences between schools across the nation. I agree with that aim, but it could be achieved by cooperation between the various State Ministers.

The document talks about the development of an integrated post compulsory education and training process. We may ask what does "integrated" mean. When the Commonwealth talks about "integrated" it means cooperation to begin with, followed by an integrated approach where everybody becomes involved, and where the strength of the Commonwealth will prevail. There is a heading at the end of the document: "The next steps". The first step is that the Prime Minister will invite the States to join a national effort to strengthen our schools. So he will encourage the States to do something which is already in the area of their constitutional responsibilities. Secondly, there will be consultation with school systems to develop agreed national objectives and priorities for education. So the Prime Minister will write to the State Ministers, suggesting that they send somebody along - presumably the Minister for Education - to sit down and develop agreed national objectives and priorities. I have attended a couple of ministerial conferences during my fairly limited time in this Parliament, and I have seen the way in which the Commonwealth operates. The Commonwealth always operates on the basis that it is not the first among equals but is in fact considerably more important than anyone else. The Commonwealth Ministers have 17 advisers compared with one adviser for each State Minister, and they usually chair the meeting.

Hon Kay Hallahan: That must have been a very funny meeting you went to.

Hon N.F. MOORE: I have never known a meeting to be any different from that. They dominate most meetings that I have had anything to do with.

Hon Kay Hallahan: They do not when I am there.

Hon N.F. MOORE: I am delighted to hear that. I understand there may be one or two Ministers in the State Labor Government who would probably agree with what I am saying. They do not want their Federal counterparts to take over. It is interesting that Labor Party people, who sometimes argue philosophically about centralisation of power and getting rid of the State Parliament, actually change their view when they get a bit of control.

Hon Kay Hallahan: I have never heard anybody argue that in the last decade.

Hon N.F. MOORE: They soon realise, when they start to get a bit of control in their State, that there is something to State's rights.

Hon P.G. Pental: Born again State's righters!

Hon N.F. MOORE: Mr Berinson is a classic example.

Hon P.G. Pental: He admitted it, at least.

Hon N.F. MOORE: They are as anxious to retain their own authority and power as the Commonwealth is to take it from them; so it is very enlightening for those of us on this side of the House to watch the attitude of members opposite towards the Commonwealth's change as those members move from one side of the House to the other. I am very reassured to know that the present Minister for Education has argued strongly to retain the State's pre-eminent role in primary and secondary education. I am not quite sure how hard she is arguing in respect of higher education because her comments on the Murdoch-UWA merger have been contradictory, to say the least. However, I will come to that in a few minutes.

The Commonwealth has suggested meetings of Ministers to agree on national goals. I can see the way in which those meetings will go - it is the thin edge of the wedge. When the national goals have been agreed to, the Commonwealth will work out how it can become very actively involved in the achievement of those goals and will use its financial power to ensure it is pre-eminent in deciding how those goals are achieved. In fact the paper says -

I envisage a central role for the Schools Council of the National Board for Employment, Education and Training which I hope soon to establish on a permanent basis.

So the Commonwealth is setting up the National Board for Employment, Education and Training - or NBEET, as it is commonly called - with a schools council which will have a central and dominant role in what goes on in Australia's schools. That national board will not be set up by the States to make decisions about education, it will be set up by the Federal Minister. It will be a body controlled and directed by and answerable to the Federal Government, not the State Governments, and it will have a very active and central role in schools - the word they use is "central".

The paper then goes on to acknowledge that non Government schools do not have to become involved if they do not wish to do so. It says -

The Government would, however, welcome the participation of the non-government school sector in this national effort.

Again we have the nice words acknowledging first of all that the non Government sector can do as it pleases, but then it says, "We would like you to become involved." The non Government sector knows that most of its money from Government sources comes from the Commonwealth and that it is always best, if one wants to ensure one retains one's increased funding, to be cooperative and to acknowledge - whether or not one agrees with it - that the Commonwealth may have a point. The paper then says -

The Commonwealth will be discussing the most effective ways in which its funding can be directed towards supporting the national education effort in collaboration with each school system.

That is the bottom line. We all know that taxation dollars which are spent by the Commonwealth originate in the States. The States are places where economic activity takes place and funds are generated, and we send money in increasingly larger proportions to the Federal Treasury which then sends it back again, but usually in smaller amounts; it retains a considerable amount for itself. The Commonwealth is saying it will discuss the most effective way in which its funding can be directed towards supporting the national education effort. I have already suggested that the national education effort will become a creature of

the Federal Government which will then use taxpayers' dollars to ensure the system moves in the direction it most desires.

The paper concludes by saying -

We must address the practical business of schooling in the context of agreed national objectives and priorities. Australia can no longer afford fragmentation of effort and approaches must be developed and implemented in ways which result in real improvements in schooling across the nation.

There is no doubt in my mind that that document represents a very blatant, forthright and obvious attempt by the Federal Minister for Education, Employment and Training to achieve a considerable involvement by the Commonwealth in primary and secondary education. It is clearly against the intent of the Constitution, it is clearly an attempt to undermine the State's sovereign right, and it represents a very large first step towards achieving Commonwealth - which means Canberra - control over every school in Western Australia. It will mean ultimately that what every child in every school in Australia is taught will be decided in Canberra; the way those children are assessed will be determined by somebody in Canberra; and the sort of people who are teaching those children will get a job only if they are registered on some national register of teachers. That is fundamentally unacceptable to me, and what really does annoy me considerably is that there has been very little comment by anybody in any education circles about what this really means.

I suggest that the Federal Minister, Mr Dawkins, and the Federal Government come out and say in a very forthright way what their real intentions are. If the Commonwealth wants to take over all education in Australia, it should come out and say so and we should have an argument on the national scene about that very proposal. Let us have it up front so we all know what the intent is. It should be put down in black and white, so that the Commonwealth says, "We want to take over primary and secondary education for these reasons", and those people who do not want it to do so can argue against it - a bit like a referendum. Let us have an argument across Australia.

Hon P.G. Pandal: They are more subtle than that, aren't they?

Hon N.F. MOORE: That is what I am saying, although this document is much less subtle than we have become used to from the Commonwealth. One just has to read it to be quite horrified that there is no subtlety at all, but there are still nice little phrases in it which recognise the State's constitutional rights and so on, to indicate to people who are perhaps not as cynical as I am that the Commonwealth really does not want to do as much as we think it does. I would much rather have an up front debate in a referendum style situation than have this underhand, rather devious approach by the Commonwealth. When it talks about power sharing what it really means is that it will usurp the State's constitutional rights in education. One of the most regrettable aspects of the various changes to our Constitution over the years has been the way in which most changes have been brought about by this very devious approach. Very few of the changes to the Constitution have been made by the people in a referendum - most have been made by High Court rulings in favour of the Commonwealth and by the Commonwealth using its purse strings to get its way and the States caving in because they cannot afford to do anything else.

So let us have a proper debate about education. I suggest that would involve not only primary and secondary education but also higher education, because the Commonwealth is much further down the path to control of higher education than it is with primary and secondary education. The latest effort of the Federal Minister has been the white paper, "Higher Education - a policy statement." That has resulted from the green paper which was put out as a discussion document earlier this year, which recommended a number of changes to our tertiary education sector. The white paper now represents the Federal Government's position and it is underpinned by a number of basic principles which represent a significant increase in the control and power of the Federal Government in the field of higher education.

I think it is regrettable that over the years the States have forgone their traditional constitutional powers in higher education. They have succumbed to the lure of the Commonwealth dollar and they have been prepared to give away, without a fight, their constitutional power in respect of tertiary education. All we have left in Western Australia in the field of tertiary education is the constitutional right to have legislation which sets up

tertiary institutions, but beyond that we have very little to say about what actually goes on in those institutions. The extraordinary situation at the present time is that the Commonwealth is saying that two of our institutions should merge; it has put enormous pressure on them to do so without any consideration of what legislation is necessary in this Parliament for a merger to take place. This Parliament should make the decision about what happens in higher education in Western Australia, not the Federal Minister, Mr Dawkins.

The white paper begins by describing the framework for higher education. At page 29, under the heading "A Unified National System", the document reads -

Commonwealth support for growth and reform in higher education will focus on those institutions which make up the unified national system of higher education. This system will consist of a range of higher education institutions with specific missions agreed with, and funded by, the Commonwealth.

That paragraph means that the Commonwealth will change higher education in Australia in a way that the Federal Government will determine. We will have a unified national system, and, if the institutions want to be part of the higher education system and wish to receive Commonwealth money for higher education, they must be part of the unified national system. "Specific missions agreed with, and funded by, the Commonwealth" means that the Commonwealth will fund the States provided they join the Commonwealth system and do as they are told. The document states that under the new system fewer and larger institutions will exist. It goes on after that to say that size does not really matter much; but then it says that everyone has to merge anyway. The document then talks about numbers: If an institution has fewer than 2 000 students, it is no good; if it has between 2 000 and 5 000 students it is half good; between 5 000 and 8 000 students is three quarters okay, and above 8 000 students is wonderful! I am being flippant.

Hon Kay Hallahan: A bit flippant, yes.

Hon N.F. MOORE: I am intending to be flippant because to say more than 8 000 students represents a good university is absurd.

Hon Kay Hallahan: Does the document say that?

Hon N.F. MOORE: Why are we having amalgamations, if size is not a factor?

Hon Kay Hallahan: I do not think that the document puts a qualitative point on whether it is good or bad.

Hon N.F. MOORE: It says that size is not an end in itself. Rather, in most cases, it is a necessary condition for educational effectiveness and financial efficiency. I direct the attention of Minister Dawkins to Cambridge, Oxford, and Harvard Universities - major, world renowned institutions - which have very few students indeed on a comparative basis. The colleges of Oxford and Cambridge have only several hundred students. Minister Dawkins says that we could even have institutions accommodating up to 20 000 students, which will be efficient, competent organisations. Maybe they will be but I argue that size is irrelevant to the quality of the research and teaching which takes place in an institution. For the Minister to say that there will be fewer and larger institutions - a bald statement of intent - belies the fact that size is irrelevant to the ability of institutions to turn out graduates, and irrelevant to the cost effectiveness of an institution.

For an institution to become part of the unified national system it has to draw up what is called an educational profile. The document states -

The educational profile is an agreement between the Commonwealth and an institutional member of the unified national system. This profile will be the principal means for defining the role of the institution and the basis on which it receives Commonwealth funding.

For the 1989-91 triennium, a profile will be developed by each institution. . . . After negotiation with the Commonwealth, the agreed profile will provide the basis for gauging the resources needed to fulfil the institution's mission and goals, and for assessing its performance.

Mr Dawkins is saying to the institutions of Australia, "Sit down and work out what you want to do; we will then tell you if we will fund it." Of course, being clever at obtaining every

dollar they can, most tertiary institutions will find out what the Minister wants. Bureaucrats in the Department of Education, Employment and Training in Canberra - not educational bureaucrats - will sit down and decide what they want each institution to do. They are not necessarily people who have an appreciation of or involvement in tertiary education. When the profiles are received, those bureaucrats will say to institutions, "If you change the profile, you will get X number of dollars; if you persist in going down a particular path, you will lose those dollars." Ultimately, the Canberra bureaucrats will decide what every tertiary institution in Australia does, how it does it, and how much money it will receive. That is not acceptable. Universities should have as much autonomy as possible, bearing in mind they are funded by the taxpayers and have a certain degree of accountability to the taxpayers. If we are to have meaningful and proper universities, they must be given the autonomy to decide the sorts of courses, research, and teaching programs offered to students. When bureaucrats, who see everything in dollars and cents, decide what universities will do - down to the very last course offered - traditional universities will break down.

What will happen in terms of student numbers is important for Western Australia because this will affect tertiary institutions in this State. The document states -

The Policy Discussion Paper proposed that a student load of 2000 EFTSU -

That is, equivalent full time student units -

- be the minimum load for an institution to qualify for membership of the unified national system;

That means an institution needs to have 2 000 students before qualifying. If it has less than that number, it receives no money. The document goes on -

... that a load of 5000 EFTSU should justify a broad teaching profile and some specialised research activity; and that a load of 8000 EFTSU would be the base for a relatively comprehensive involvement in teaching and research.

Those points appear in the discussion paper and have been agreed to by the Federal Government in its white paper. As I have said, three arbitrary figures have been decided in terms of student enrolments, and those figures will affect what each institution can do. Institutions with fewer than 2 000 students will receive no money and cannot be part of the system; institutions with between 2 000 and 5 000 students will be mainly teaching institutions with limited research; institutions with more than 5 000 students will move into a broader range of teaching and research.

I am annoyed that the major concern of academics is the research dollar. Very little has been said about improving the quality of teaching at tertiary institutions. If one reads the newspapers, obviously academics have been very concerned that unless institutions are amalgamated in some instances they will lose research dollars. Many academics are quite happy to sit in ivory towers and carry out research, giving very little attention to what in my view is their primary role - to provide proper and adequate top class teaching. I would like some of the institutions to start saying publicly that they would like to become first class teaching institutions and that high quality teaching would be emphasised at those institutions. I would like them to say that research programs should be carried out in ivory towers elsewhere, but they will return to turning out top quality graduates because they have given top quality tuition.

We have all watched the bludgeoning of our tertiary institutions by the Commonwealth Minister who wants to control them totally. He has told them that they have to be part of the unified national system. By demanding education profiles, and by having arbitrary enrolment figures, the Commonwealth has given itself total control over our universities. As a result, in Western Australia, we have witnessed the debacle of the Federal Minister telling Murdoch University that it cannot exist on its own because it does not have enough students to maintain the sorts of research programs that it wishes to maintain, and it must amalgamate. The Government began talking about amalgamating Murdoch with the Western Australian College of Advanced Education. Staff at Murdoch threw their hands in the air and said they could not do that because the WA College was just a glorified teachers' college. They said they did not want to amalgamate with an institution that had lower standards than their institution. They decided that they wanted to stay on their own, or, if they could not, amalgamate with the University of Western Australia, because that is perceived to be the

premier tertiary institution in Western Australia. However, most of them said that they did not want to amalgamate with anybody; they wanted to stay on their own - and rightly, in my view.

Neither the Western Australian College of Advanced Education nor Curtin University of Technology were all that fussed one way or the other. However, the University of Western Australia began thinking about its numbers and the size of its campus and began to realise that it is constrained by the magnificent river on one side, a couple of major roads on another, and the highway on another side. It was decided it could not shift far and had no room for expansion unless it moved off campus. Because it has about 8 000 EFTSUs, the university thought that it should find someone to amalgamate with to ensure that it was in the top echelon of institutions to gain the maximum research dollar. It was therefore put to the Senates of Murdoch University and the University of Western Australia that they should consider merging. To their credit, they said in July this year that they were opposed to merging and preferred to go their own ways. This was not satisfactory to Mr Dawkins, who made it quite clear, upon attending the opening of the Joondalup campus of the Western Australian College of Advanced Education, that he did not accept the decision of the Senates and that they should go back to the drawing boards and start again.

Professor Robert Smith is the Vice Chancellor of the University of Western Australia and Chairman of the National Board of Employment, Education and Training, and therefore has dual roles. On the one hand he works for the Minister for Education, Employment and Training and is now part of the Canberra bureaucracy, and on the other hand he is the Vice Chancellor of the University of Western Australia. He is enthusiastic about the amalgamation. With Mr Dawkins and Professor Smith supporting the proposal, and with a bit of pressure being placed on sensitive parts of Murdoch University, the two Senates got together again and, lo and behold, they came up with a joint agreement to merge. The University of Western Australia will include two campuses, the Winthrop Hackett campus, and the Walter Murdoch campus. There will be one Senate. I was pleased to receive a copy of the proposed merger from Professor Smith yesterday. I might add that he has not consulted the Opposition on this issue since the discussions and negotiations commenced. I think he should have given more consideration to doing that, bearing in mind that we have some say in this Parliament about what should happen to any legislation to achieve the merging of those two institutions.

The Opposition, upon finding out what was going on, opposed the merger. It is the Opposition's view that these institutions should remain independent, that Murdoch is a different sort of university from the University of Western Australia, and that they have a different ethos, to use the sort of word that is currently used in this debate. Many of the academics at the University of Western Australia have argued strongly against the merger because they are different sorts of institutions doing different sorts of things. They argue that their graduates have different capabilities and different expectations, and that people go to Murdoch for different reasons than they go to the UWA. It is my view that tertiary institutions in Western Australia, bearing in mind that one of the basic reasons for the white paper was to get more graduates into our institutions, will grow naturally and it will not be very long before Murdoch has the required 5 000 or 8 000 EFTSUs. I would rather call them students, but because of funding requirements students have to be divided up into units and, depending on the number of units, have their funding decided in that way. I believe that the process of natural growth will mean that in not too many years there will be ample students in Western Australia to support four universities with the sorts of numbers that Mr Dawkins considers necessary to maintain a viable organisation. I am extremely worried that, if the merger is approved by this Parliament, we will have to consider separating the campuses a few years down the track because the one institution will be far too big and it will be far better to have two institutions. I believe we should stay with separate institutions now and allow natural growth to provide the institutions with their numbers.

The two documents to which I have referred, "Strengthening Australia's Schools" and the tertiary education white paper, represent blatant attempts by the Commonwealth Government to become very actively and directly involved in education from kindergarten through to the highest post graduate level. The Commonwealth is already involved in day care and play groups. It wants to become involved in the kindergarten to year 12 groups, and we have all watched its deliberate attempts to take total control of our higher education system. The time

has come for us to debate this issue nationally. Do we want to return to the system laid down under our Constitution - that is, that the Commonwealth will have no role to play in education - or do we go to the other extreme and give the Commonwealth everything it wants, allowing the States to opt out of education.

[Resolved, that business be continued.]

Hon N.F. MOORE: It is time that that decision was made after a proper up-front debate that is necessary to ensure that people know what the issue is all about. In the relatively short time I have been in Parliament, I have noticed two things happen. First, the inexorable shift of power from the State to the Commonwealth has continued. When we were in Government and the Fraser Government was in office in Canberra, we argued that it was doing exactly what previous Labor Governments in Canberra had done. It did not seem to matter what party was in power in Canberra; this drive for more power continued. We were just as annoyed with the Fraser Government as we were with the Whitlam Government. But the Hawke Government has not stopped. It has been even more blatant and brutal with education, in particular, than previous Governments. It wants to take over education. Why does it want to take it over? Perhaps it is human nature to want centralisation; it may be something that happens inexorably and we cannot stop it. However, I hope we can do something about it or we will ultimately finish up with a system in which this Parliament has no power.

There has also been a transfer of power in the other direction, if I can put it that way. This Parliament has increasingly given power to local government. Last year we passed legislation which gave local government power to be involved in welfare and a variety of other areas. The States are having power taken away from them by the Commonwealth and are giving away power to local government. The time will come when this particular sphere of Government will become irrelevant. It will not be legislated out of business or tossed out by a referendum; it will disappear because it will have become irrelevant. We have to make a decision shortly - if we want to keep State Governments and State Parliaments - to retain some power, some area of influence, something for State Governments to do.

Hon Kay Hallahan: I don't think we are running out of things to do.

Hon N.F. MOORE: We are. We are giving things away.

Hon Kay Hallahan: I do not feel as though I am running out of work to do.

Hon N.F. MOORE: The Minister is not running out of work to do because bureaucrats make sure Ministers are so busy they cannot think of anything other than signing documents.

Hon Kay Hallahan: I do not need bureaucrats to keep me busy.

Hon N.F. MOORE: That is the way departments are organised. Ministers are there to be kept like mushrooms.

Hon Graham Edwards: You blokes don't do a bad job of that yourselves.

Hon N.F. MOORE: I cannot believe the amount of stuff that goes through my office. Every day, two or three rainforests must be chopped down to keep people with enough paper to sign. People are so tied up with their work that they cannot see the wood for the trees.

Hon D.K. Dans: Have you thought of the growth of the Federal Court?

Hon N.F. MOORE: There has been an increase in the powers of the High Court and a growth in the Commonwealth bureaucracy and local government. We are in the middle, going nowhere.

Hon Kay Hallahan: You speak for yourself; we are going somewhere.

Hon N.F. MOORE: I can only speak for myself. I belong to a party which gives me the right to speak only for myself.

My concern is genuine. It is time that we decided to work out what the division of power ought to be, who ought to be doing what, and who can do it best. We should let those people do the work unencumbered by some other sphere of Government seeking to get its tentacles into that area of responsibility. Education gives us a classic example of an area in which, if the trend continues, in 20 or 30 years' time State education systems will just be sub-departments of a Commonwealth Department of Education which has total control over what

is taught, how it is assessed and who does the teaching in those schools. That is the direction in which we are heading.

Hon Kay Hallahan: Not while we are in Government.

Hon N.F. MOORE: I regret to tell the Minister that this is all happening while she is in Government.

Hon Kay Hallahan: We will be in Government for at least 10 years.

Hon P.H. Lockyer: You don't believe that.

Hon Kay Hallahan: I do.

Hon E.J. Charlton: Ten weeks!

Hon N.F. MOORE: The Minister for Education attended a meeting of the Australian Education Council recently. That council, which is a very worthwhile body, is now talking about agreed national goals. That is the first step. I told my colleagues from the other States that I believed they were being conned and they should opt out of this altogether.

Hon Kay Hallahan: Did they immediately get "unconned"?

Hon N.F. MOORE: No. The Northern Territory Minister, for example, knows that he has to be nice to the Federal Minister if he wants to get money. Victoria and New South Wales run Canberra anyway. Queensland agreed totally with us and so did Tasmania. The power brokers in the south east of Australia make all the decisions. Ultimately, the rest of us find we have to go along with them.

Hon Garry Kelly: Nick Greiner runs New South Wales.

Hon N.F. MOORE: New South Wales is not all that unhappy about Canberra having certain powers because people in New South Wales can jump on a plane and be in Canberra in half an hour. They can then see the right person to get any problem fixed up.

Hon Kay Hallahan: I fail to see how we have been so successful in Government if you are so powerless.

Hon N.F. MOORE: Members opposite have not been successful in Government. They are about to find out how unsuccessful they have been. At any time now, they will not be in Government; they will be sitting over here, probably making speeches about how Canberra needs more power. I have a very strong view about the division of powers among the various spheres of Government in Australia. Hon P.G. Pender made an excellent speech very early in his parliamentary career about deciding who will do what and having a transfer of powers if necessary. The time has come for that to happen. We have to decide which level of Government will do what and let it do it unencumbered by the tentacles of some other sphere of Government.

I hope the House will affirm its belief - indeed, the fact - that education is constitutionally a matter for the States and that it will also view with alarm what the Federal Minister, Mr Dawkins, is doing; it will view with alarm the contents of the document "Strengthening Australian Schools"; it will view with alarm the tertiary education white paper; and it will agree with me that these two documents represent a blatant attempt by the Federal Minister for Education to take control of education decision making over the whole range of education from K to PhD level. That has to be resisted and the system has to be turned around so the Commonwealth gets out altogether and gives block grants to the States and the States make their own decisions about education. If we want to trade something off for that, let us think about it. Let us get it up front; let us have a national debate about it and stop this backdoor, devious means of gaining power when people do not really know what is going on. I argue strongly for this motion and hope the Government will support it.

HON KAY HALLAHAN (South East Metropolitan - Minister for Community Services) [3.38 pm]: While I find myself in some agreement with the spirit of the motion moved by Hon Norman Moore, I have reservations about some of his rhetoric and some of the details. He has asked the House to affirm its belief that education is constitutionally a matter for the States. None of us should have any problem about that because education is not mentioned in the Australian Constitution. Whether it is a responsibility of the States or the Commonwealth is a matter of inference.

Hon N.F. Moore: It is a residual power.

Hon KAY HALLAHAN: Section 51 of the Constitution, in specifying which powers belong to the Commonwealth, clearly implies that education is a State matter.

Hon N.F. Moore: It is a residual power. It is not a matter of interpretation; it is a fact.

Hon KAY HALLAHAN: This is my speech.

Hon N.F. Moore: I know that you are interested also in being factually correct, so I just wanted to help.

Hon KAY HALLAHAN: I do like to be factually correct. To all intents and purposes, we can agree then, by inference, that education is constitutionally a matter for the States. It does not then naturally follow, nor can it be inferred from the Constitution - Hon Norman Moore will be pleased to hear that this is my interpretation - that the Commonwealth should be totally excluded from having any role to play in education. Section 96, which provides for grants from the Commonwealth to the States, is tied to the conditions of the Commonwealth's choosing, and enables the Commonwealth to influence education policy in Australia.

Hon N.F. Moore: I know that it does - and it should.

Hon KAY HALLAHAN: Then we are agreed on that. I do not feel the same concern as Hon Norman Moore, or concern to the extent that he does in relation to this matter. I think that we can agree that, constitutionally, education is a matter for the States, but whether it is also a constitutional matter for the Commonwealth could be open to debate. As the member seeks to be quite pedantic on legal matters, I am only talking at a legal level at this stage.

Hon N.F. Moore: I am arguing pedantically about legal matters because one can be pedantic about legal matters.

Hon KAY HALLAHAN: We would agree that it was not intended that the Commonwealth Government should be involved in educational policy making or determining that arena, so we agree on that.

Hon N.F. Moore: Change the Constitution and fix it up.

The PRESIDENT: Order! Let the Minister get a couple of words in edgeways.

Hon KAY HALLAHAN: A more precise statement of the respective roles of the Commonwealth and the States in education would be that the Constitution - and I still say this - indirectly provides an opportunity for the Commonwealth to influence education, but it could not be said to be constitutionally responsible for education in the same sense as the States are, and the States, I guess, could reject conditional grants offered by the Commonwealth and so regain full control of education. Hon Norman Moore referred to that in his speech, but how practical is that?

The next aspect under debate which I think needs addressing is the Commonwealth Government's endeavour, through the documents to which Hon Norman Moore referred, to centralise decision making at all levels of education in Canberra. I personally think that statement is far too broad to be a very useful one since the scope of Commonwealth expansion of influence is really very different in schooling than in higher education sectors. I will refer to those separately. The critical fact to bear in mind in any discussion in relation to Commonwealth incursions into schooling is that the Commonwealth only supplies 10 per cent of total funding for Government schools, and that is in the form of tied grants. I do not know whether Hon Norman Moore referred to that in his speech, because someone distracted me, but he made reference to funding for areas outside specific education.

Hon N.F. Moore: For non Government schools.

Hon KAY HALLAHAN: I am saying that the 10 per cent does not give the Commonwealth Government the strength it needs to do the things Hon Norman Moore is fearful about; it just does not have the power to move in and take over.

Hon N.F. Moore: It is not what they are spending now. I am talking about the ramifications of the document.

Hon KAY HALLAHAN: I have in my sector many people who read many documents and from those documents they infer a lot of very fearful things about the future which were

never intended and never likely to happen, and I am trying to bring the debate back to a realistic concern about the whole area of education. I think the response from Hon Norman Moore is perhaps one that would be made by a member on the Opposition benches, one they would be expected to put up. I just think it is not very realistic in its concerns.

Hon N.F. Moore: It may be that if somebody had argued this about 30 years ago the Commonwealth would have got out of higher education. It was not intended 30 years ago that it would take over higher education totally as it has now.

Hon E.J. Charlton: You don't want to wait for the white ants to eat the house down before you spray them.

Hon KAY HALLAHAN: We do not want white ants eating our house down; nor do we want the education system in Western Australia undermined. Certainly the document "Strengthening Australia's Schools" is a cause of concern to the Minister. Its proposals concerning a common curriculum and assessments need to be examined for the implications for the State. I agree with the member about that; and the Minister would also agree with him about that. However, there is no cause for alarm in what the Government sees as a paper tiger. I do not think we need to become concerned about the matters written and the inferences one can draw when we control 90 per cent of the funding that goes into that sector. That, as we all know, is the determining point of who puts the resources in. I can assure members that under the present Minister for Education in our State, Dr Carmen Lawrence, there will be no drift towards centralised decision making in Canberra. She has taken a strong stand on that, and on 19 October in the other place she said in relation to the document "Strengthening Australia's Schools" -

As the Minister responsible for this State I have made it clear that we will not cooperate in any Commonwealth initiated programs. We will, however, work with other States in a federation, as we should, to determine areas where we can efficiently and effectively improve the performance of all States' systems in a way that is to the advantage of students in Australia.

That is a very clearly thought out statement, one that was responsible, and one I would have thought would reassure people like Hon Norman Moore and other members opposite.

Sitting suspended from 3.45 to 4.00 pm

Hon KAY HALLAHAN: As I was saying, the Minister clearly recognises that it would be foolish to throw out the baby with the bath water. It seems to me that a cooperative effort to ease the transition of children who need to change schools between States would be a good thing, and we do need to have some shared curriculum development ventures in areas that are sensible. I suppose there are more students coping with dislocation than we are aware of on a day-to-day basis; therefore, some development across the States through that cooperation is to be encouraged. But, I do not think we should do so on the basis of some political paranoia which may interrupt that good process.

Hon N.F. Moore: How can we get along when you use words like that?

Hon KAY HALLAHAN: Mr Moore's speech contained a little political paranoia.

The fact that the document was developed by the Commonwealth is not a good enough reason to bowl it over. There are some areas within it that are of benefit. At the same time, the State Government believes in the dictum that eternal vigilance is the price of liberty. The Government is proceeding very carefully and analytically regarding the Commonwealth intentions with respect to policy on schooling. To that extent, I have to say that the Government is in agreement with Hon Norman Moore.

Turning to higher education, we have a very different scenario. The vast majority of funding for this sector is provided by the Federal Government and, as a result, it has developed a stranglehold on certain aspects of higher education. Therefore, once again the Government finds itself in agreement with the observations of Hon Norman Moore. On page 72 of the white paper the views of the Commonwealth Government on its role in this matter are presented in these terms -

As the principle provider of funds for higher education it is the responsibility of the Commonwealth Government to;

- obtain expert advice on matters of national policy and identify national objectives and priorities;
- co-ordinate the national development of a higher education system, taking account of State policies and priorities and the policies of often competing demands of different States, regions and institutions; and
- develop the higher education system in a manner to be consistent with the other Government policies, particularly in relation to education, training and employment.

It may be possible to interpret the word, "responsibility" used by the Federal Government as meaning it is virtually a de facto right. I guess the Federal Government would say that we in the States are all being a bit paranoid in making that interpretation. However, it is very hollow rhetoric to suggest that the prospect of centralising higher education decision making in Canberra is a new departure, and something new with which we have to contend. We have been dealing with the centralisation of decision making in an on going way for a considerable length of time. I would like to point out some examples of that. I am sure Hon Norman Moore is aware of a lot of our constitutional history. He knows that in education, as in other fields, the Commonwealth has had the capacity to influence policy decisions from the time of the Second World War when with the agreement of the States the Commonwealth assumed sole responsibility and authority for the collection of taxation revenue. This was a huge shift of responsibility and relationship between the States and the Federal Government.

Hon P.G. Pental: The Commonwealth Government never assumed sole authority. It has the right to collect uniform taxation, but the State has a right to collect it too if it wants to.

Hon KAY HALLAHAN: It seems to me that the States handed over to the Commonwealth the power to collect the majority of taxes from the community. I do not think we are in doubt about that.

Hon P.G. Pental: It was a poor decision, nonetheless.

Hon KAY HALLAHAN: But it was a decision made more than 40 years ago.

Hon N.F. Moore: It was made in economic circumstances which were quite different from most other times.

Hon KAY HALLAHAN: One can say that at the time of the Second World War the circumstances were quite extraordinary, but it seems to me that in the 40 plus years since there has been no move from the position agreed to at that time; therefore, there must be a significant amount of agreement with the position adopted at that time.

Hon N.F. Moore: If the Commonwealth is taking 50c in the dollar, it is difficult for the States to take the other 50c!

Hon KAY HALLAHAN: I believe that the States are going along with the process.

Hon N.F. Moore: They have no choice.

Hon KAY HALLAHAN: They have no choice because there are good reasons for sticking with it. Nobody would stick with something if there was not a good reason for doing so.

Hon P.G. Pental: We will have to give you a good lesson in Commonwealth-State relations.

Hon KAY HALLAHAN: I would appreciate a good lesson in anything from members opposite. It would be quite refreshing.

Hon P.G. Pental: We even found out that Hon Joe Berinson was a born again States' righter when we had Hon D.K. Dans over in Adelaide.

Hon KAY HALLAHAN: Hon Joe Berinson is, as is every member of the Australian Labor Party and particularly the State Parliamentary Labor Party, a very strong States' righter.

Hon P.G. Pental: You do it without even blushing nowadays.

Hon KAY HALLAHAN: This whole trend towards centralisation is not just a party political issue. Members opposite seem to think they have a mandate to protect the State's rights. Leaders of the Liberal Party have given away as much as anyone has. The founder of the Liberal Party, the late Sir Robert Menzies, played a part in initiating Commonwealth funded university scholarships; it was a Liberal Commonwealth Government which forced the

University of Western Australia to charge fees after 1958; and in the 1960s it stepped up direct -

Hon P.G. Pental: We found that appalling.

Hon KAY HALLAHAN: I also think it is appalling. I was quite astonished when I did my research for this debate.

Hon N.F. Moore: I said both sides were equally at fault.

Hon KAY HALLAHAN: I am just making the point. There seems to be a sense of righteousness emanating from Opposition benches, which is a bit unfounded.

Several members interjected.

The PRESIDENT: Order! Let us get on with it.

Hon KAY HALLAHAN: Mr President, we are moving on with a very informed debate.

The PRESIDENT: However, you are not moving on in accordance with the rules of this House which say that you must address your comments to the Chair.

Hon KAY HALLAHAN: Mr President, I do not want to fail to address my comments to the Chair. It might not be as interesting, but I would not want to fail to do that.

In the 1960s the Commonwealth Liberal Government stepped up direct funding of universities and later colleges of advanced education. The incoming Liberal Commonwealth Government maintained the Whitlam Government's decision to assume almost full funding responsibility for higher education between 1975 and 1983. We are seeing that Commonwealth interest in and funding for higher education are by no means new, and decision-making in Canberra about some aspects of higher education has been the norm for a number of years. I have to say to members opposite that we have often been crudely reminded by the Commonwealth Government that he who pays the piper calls the tune. We are all in accord about that undesirable situation. I hope that at the end of the debate we might even reach greater accord about what this House passes in its final motion today.

Hon N.F. Moore: I think we could develop a very good bipartisan approach.

Hon KAY HALLAHAN: I am sure we could. I think that is a challenge for us all. I have some very good amendments to put forward for members' consideration, and I look forward to bipartisan agreement.

What is new from our point of view is the decision making within the Commonwealth Department of Employment, Education and Training and the newly established advisory body, the National Board of Employment, Education and Training, to which Hon Norman Moore referred. That is directly answerable to the Federal Minister for Employment, Education and Training. That concentration has followed on from the abolition of the genuinely autonomous statutory buffer board, the Commonwealth Tertiary Education Commission, and has greatly increased the Minister's capacity to intervene directly in higher education matters while eliminating an important source of objective advice. These changes are of concern, and we are in accord about that in some of our discourse.

However, it could be said that the change has not so much been one of the extent to which the decision making of higher education occurs in Canberra as of the manner in which that decision making takes place. It is not yet clear what the overall impact of some of the changes will be. The Government certainly shares some of the concerns outlined by Hon Norman Moore about that well established process of centralisation being exacerbated by some of the present moves. I must say that the State's concerns have been clearly conveyed to the Federal Minister. That is done on a regular basis by the State Minister and members need not feel that there is not a commitment to watch very carefully and to head off any unacceptable concentration of decision making in Canberra. That leaves us with the question of the action the Opposition suggests should be taken to reassert the State's authority in decision making in higher education. It seems to me that we cannot go back 43 years. That notion is nice, but who wants to return to the Stone Age? We could simply reject Commonwealth funding in order to regain control of higher education; we could tell the Federal Government to keep its section 96 grants. However if we do that, who will benefit?

Hon N.F. Moore: Perhaps the taxpayers.

Hon KAY HALLAHAN: Western Australian taxpayers would not, and I am concerned about that because the other States would split up the spoils of what we chose not to accept. We would disadvantage Western Australian students and schools, and I cannot seriously believe that any member of this House would want to follow a path of action which disadvantaged Western Australian students. This Government will have no part in disadvantaging Western Australian students with empty gestures. I caution members about taking up the argument put forward by Hon Norman Moore. It is a bit of a worry.

Hon N.F. Moore: I was talking about block grants. You missed that little bit.

Hon KAY HALLAHAN: I think the answer for this House is to support and to put its strength behind the Minister for Education, who personally understands very well the tertiary sector. As I have said, the Minister has very consistently and forcefully put forward the special needs of Western Australia in all the forums she has been party to and in all her discussions with the Federal Minister. Such support has already been given in another place in a unanimous resolution. It would be good if we could get a unanimous resolution in this House. That resolution came on 19 October when all the parties united to support the following amendment to the motion put by the Leader of the National Party. For the information of members, the resolution reads as follows -

- (1) Reaffirms the autonomy of Western Australian higher education institutions and calls on all parties to -
 - (a) allow the institutions to reach decisions about their organisation and development without interference or coercion;
 - (b) respect the decisions of the governing bodies of higher education institutions in relation to amalgamation and related matters;
 - (c) acknowledge the right of the Western Australian Government to assess whether the decisions reached by higher education institutions are in the best interests of the State.
- (2) Reiterates the incontestable authority of this Parliament to legislate for higher education in Western Australia.
- (3) Views with concern the use by the Commonwealth of specific purposes grants to extend its control of policy in areas which historically have been the responsibility of the Western Australian Government.
- (4) Endorses the initiative of the Western Australian Government in establishing a committee to review the provision and development of higher education in Western Australia, and to provide advice to the Government.
- (5) Supports the active and continuing efforts of the Minister for Education, Dr Carmen Lawrence, to make clear to her Commonwealth counterpart the limits of his authority in relation to higher education in Western Australia.

In the longer term it might be possible to turn back the clock so that Western Australia could reassert its dominance across the whole spectrum of education. However, in my view that day is a long way off, and I doubt whether very many members in this House will live to see it. Meanwhile, in the schooling sector we should seek vigorously to preserve our present position of relative autonomy while working within a truly Federal arrangement with the other States and the Commonwealth towards achieving mutually agreed ends. The degree of financial independence enjoyed by the States in the area of schooling means that while the document entitled "Strengthening Australia's Schools" is cause for concern, there is no need at present for alarm. I reiterate that point. There is no need for alarm in the case of higher education. In my view, alarm is a response to a fresh danger, and it seems to me we are continuing to face a threat which has been going on for a time, and which has been managed.

As long as we accept tied grants from the Commonwealth, we must cooperate on patterns of higher education. I do not want that to be interpreted to mean that we accede to everything put up by the Commonwealth Government. That is not our intention, and it is not what occurs. The States have the only legislative power over higher education, and it is this power which can be used to greater effect in dealing with the Commonwealth. I hope members will not lose sight of that fact. We can also make use of the great power of informed and rational persuasion in dealings with the Commonwealth by providing our representatives on the Joint

Planning Committee for Higher Education with the expert advice they need on the needs and priorities of Western Australia. The committee, established by the Minister for Education to review and develop a plan of higher education, is a viable part of that strategy.

Last, but not least, the States could push for consultative mechanisms with the Commonwealth on higher education, which are more genuinely bilateral than those we have at present. I want to make that point strongly: We could push for better consultative mechanisms than we now have.

Amendment to Motion

It is with that in mind that I move -

To delete all the words after "That" and substitute the following -

this House views with concern the interventionist endeavours of the Commonwealth Government implied in the documents:

- (1) Strengthening Australia's Schools, and
- (2) The White Paper on Higher Education.

which threaten to pre-empt the legitimate exercise of the State's right, as provided by the Constitution, to determine education policies which are appropriate to Western Australia's unique needs and circumstances.

The House urges the Commonwealth Minister to explore seriously with the States more effective mechanisms of joint consultation on matters of education policy.

I ask members to seriously consider that amendment; it is put forward in a spirit of consideration of the motion before the House. I do not want to detract from the motion before the House but I feel that it does not take us anywhere except to vent a bit of spleen. It is just an expression of concern - maybe anger - and leaves the matter there. It does not direct us anywhere or produce anything from our debate. If we could press for better consultative mechanisms, and we knew that we were all behind that move and supporting the Minister, that would be a useful outcome of our debate. To say merely that we view something with alarm is an expression which might be of interest to some parts of the community but -

The PRESIDENT: Order! The Minister is now speaking to her amendment, which has to be put and I have to find out whether there is a seconder.

Hon KAY HALLAHAN: I am sorry, Sir, I overlooked that formality.

The PRESIDENT: It is more than a formality. If the Minister wants to make a speech she must first finish everything she wanted to say before moving to the amendment. I was being very tolerant but it looked as though the Minister was not going to stop. I take it that you have finished what you wanted to say?

Hon KAY HALLAHAN: Yes, Mr President. I must have been too enthusiastic about the subject matter, and I apologise.

HON E.J. CHARLTON (Central) [4.26 pm]: The comments that have been made so far in this debate have been brought about by the ever increasing erosion of the State's role in this area. Obviously, this is an important subject that affects the whole community across the nation. We all agree in principle with the amendment moved by the Minister and what she has said about it. However, we have got to a point where the erosion has taken place and will now be addressed only by all the States giving out in a very forceful and specific way to let the Federal Government know that we cannot continue down this path. If we do, as has been stated, we will finish up with the States not having control over education and many other policies and responsibilities which are the foundation upon which Australia is based.

It is worth reminding everyone that the Federation of Australia was a federation of the States, and the Commonwealth was there just to oversee certain specific areas. It is probably timely to note that the Commonwealth should really only be responsible for defence, customs, immigration, foreign affairs, telecommunications, trade, perhaps social security, veterans' affairs, and to some extent science and technology. As well as the subject of education which we are now discussing, there is also the subject of health. The Commonwealth has

absolutely no need for a Department of Health or one concerning local government, Aboriginal Affairs, the environment, transport or finance - and the list goes on.

Hon Graham Edwards: Sport.

Hon E.J. CHARLTON: Yes, sport and recreation. This is an opportune time, when debating the amendment before us, to talk about working together and addressing the erosions that are taking place in education. The opportunity for State Governments to be in control of their own destiny is continually declining simply because Federal Government departments are growing in such a way that their main role is to hand out the finance, with strings attached, to the States; and the amounts are out of proportion.

When the Minister moved the amendment she said that we had to work hard to try to convince the Federal Government that State Government departments should be in control of their destiny. Obviously this sort of liaison has been going on for a long time. I am sure that any State Minister for Education would want to encourage and promote his or her State in order that it could be in control of its destiny and be responsible for its actions. Hon Norman Moore, when moving the motion, said that the situation is changing each year. We are reaching a situation where, because the Commonwealth Government has the chequebook, we are told what we should do. We can argue as much as we like but the Commonwealth Government sets down the rules as to how things should be carried out. I agree with the Minister's comments about the present Minister for Education not wanting to see this sort of thing happening.

Hon Kay Hallahan: She does not allow it to happen.

Hon E.J. CHARLTON: I realise, from the limited contact I have had with her, that is her view on this subject. In this case, it is like playing a game with a couple of men short. The Commonwealth controls the purse strings and it is hellbent on moving down the path of believing that it can do the job better than the State Governments simply because there are a few people in Commonwealth departments who want total control over what will happen in Western Australia which is a couple of thousand miles from Canberra.

It is important to recognise that not only will there be an erosion of the situation in Western Australia generally, but also there will be a specific detrimental effect on education in country areas. We do not have the population in our country areas to be able to provide the wide range of subjects for which the Ministry of Education is responsible. As a consequence of that and of the strings attached by the Commonwealth Government to the implementation of various rules and regulations there will be a detrimental effect on Western Australians. We do not know what will take place over the next few years. Every time I speak to concerned parents and staff involved with primary schools, district high schools and senior high schools in the country areas of Western Australia I am told how worried they are about the direction education is taking. There does not appear to be any respect for the role of parents in carrying out their responsibility to educate their children. It has reached a stage where parents of children in country areas cannot, for economic reasons, afford to send their children to the metropolitan area for secondary education. The schools in the country are in a position where student numbers are falling and it is very difficult to attract the staff to teach the subjects required to give a balanced education to children. As a result, many children are forced to study subjects which will not be beneficial to their chosen careers.

Last Friday night I visited Bruce Rock and spoke to parents who have made the decision to keep their children at the local junior high school instead of sending them to the metropolitan area for secondary education. One of those parents has a gifted child. To take advantage of his talents that child should attend a metropolitan school. The students in the country are confronted with a growing problem; that is, how they will obtain adequate education to pursue a career of their choosing.

I listened to what the Minister said and to the way that she said it and she is as concerned as the State Government and the Minister for Education about the increasing control that is being taken by Canberra. Not only should we take action in this Parliament, but also each political party should take action. At the time of Federal elections political parties have an opportunity to make an issue out of this subject as well as the other subjects which I mentioned earlier, particularly health. To a large extent education and health go hand in hand. There is a growing awareness in our community about the decisions which are being made by Canberra.

Not only is it frustrating to the State authority which administers the Federal Government's policies, but also it is frustrating to the public. No-one in this nation could say, with a clear conscience, that the changes which have occurred over recent times have improved the situation in Australia in 1988. In spite of the fact that this State is receiving more money there are no results and for that reason the Federal Government believes the situation is getting worse and it should take control.

Hon Kay Hallahan: They cannot do that.

Hon E.J. CHARLTON: The Minister says that under the Constitution the Commonwealth Government cannot do that. Who would have said that about those areas I mentioned earlier and over which the Commonwealth Government has taken control?

Hon Kay Hallahan: We have to agree to give them that control.

Hon E.J. CHARLTON: The reason it has taken control of these areas is that it has the chequebook. I have no criticism of the staff of the Federal departments concerned, but the departments are growing and they are allocating the funds required to administer State Government departments. All that is needed to operate these departments is an administration to ensure that the funds are sent from Canberra to the States. The States would have the responsibility to use those funds efficiently and effectively.

Hon Kay Hallahan: It is only 10 per cent of our funds in the schooling area.

Hon E.J. CHARLTON: Yes, and how long has it been like that? It is not static. Every year a little more money and a few more people are involved in the administration of these various departments. In all the departments I have listed, it is necessary to have only enough personnel to administer the tax that is gathered by the Federal Government for allocation to the States. For the obvious reasons, continuity should be maintained in education throughout the nation, but that is as far as it should go. It is similar to the health area; the Federal Government does not employ doctors or nurses who are obviously the people at grass roots level. The growth of the bureaucracy is gathering momentum each year and we must recognise what has happened in the last 10 or 20 years when projecting what will take place in the future. We must take some radical action to halt this process. The Federal Government can still have a vital interest in the education area in this nation, simply by continually monitoring the educational standards and the subjects taught. The Federal Government can continue to have responsibility overall because it collects and allocates the money. If the system is not working as it should, the Federal Government can make an input and suggest any changes that should be made. At the moment it does not choose to adopt that role; it seeks a major role in the decision making.

Those of us who have listened to the representatives of the University of Western Australia and Murdoch University are aware that there is a willingness for greater cooperation for obvious reasons; namely, the Federal Minister has the chequebook and he will say how much money will be given within certain parameters. Whatever our personal philosophies on this subject, we must all live within the constraints of the financial aspects of the situation. That is the problem which confronts the universities in Western Australia, and they must play the game accordingly. It is hoped that in time the rules of the game will be changed, and that is the position we must adopt. We cannot just acknowledge that this is the present situation; it will get worse, but we must go along with it and make the best of it. Although that may be the case at any given time, it will not always be that way because Governments change and the expectations of the people change. As I have said on previous occasions, one can only be sure about one thing; nothing ever stays the same, it changes continually.

With regard to the promotion of education and the expectations of people, I invite members to think back 10, 20, or 30 years to the classrooms as they were then and to consider the changes that have taken place during that time. Certain initiatives are taken at different times which will improve the system, and these are the changes we should acknowledge. Obviously, changes should not be made just for the sake of change.

I have no argument with the Minister's amendment but, as has been said, there is total understanding and acceptance of the situation which confronts education at this time. The National Party agrees with the Minister in principle, but these changes will take place automatically; that is, there will be liaison between the State and Federal Ministers and they will work together. However, we should be more specific in stating that we reject the present

policy of the Federal Government. We hope that the other States will act accordingly and take similar action, and that in the lead up to the next Federal election all political parties will take a lead and arouse the interest of parents and the population as a whole across the nation. They should indicate to the Federal Government that the system is not working, it is not providing the opportunity for the quality of education that this nation deserves, and as a consequence the responsibility should be handed back to the States for the very good reason that the people at the local level are at the pivot of what is taking place. It does not matter what issue is involved; it is not feasible to make decisions about areas which are a long distance away. It is similar to making decisions in Perth about allocations of land and land administration in Kununurra; that can be compared with making decisions in Canberra about education in Western Australia. It does not work. It is essential to give the people at the grass roots level the opportunity of and responsibility for making decisions and being in control of their destiny. Although I acknowledge the Minister's intention in moving the amendment, under the circumstances I think this Parliament should take a stand and encourage the people in this State and other States to do likewise.

HON ROBERT HETHERINGTON (South East Metropolitan) [4.48 pm]: I support the amendment moved by the Minister and, in doing so, I will try to persuade Hon Norman Moore and the people who sit behind him to accept the amendment as well. It seems to me that this is a time that the honourable gentleman might adopt some political reality and face the fact that he has two choices. One is that with their numbers in this House the Opposition parties may pass a *cri de coeur* from the Opposition and lose the chance of passing almost unanimously this amendment, which they may not like completely, but which would be supported by both the Government and the Liberal Party. It would strengthen the hand of the Minister in her attempts to do battle with Canberra because it will give notice that it does not matter which party is in Government in this State, the policies are likely to be the same.

I have said it before, but at the risk of tedious repetition I repeat that when I came to Western Australia in 1967 from South Australia I was a centralist - I believed that we should get rid of State Governments. Since I have been in Western Australia -

Hon E.J. Charlton: You have lost me.

Hon ROBERT HETHERINGTON: It is a fact that a person can change his mind, and if that loses Hon Eric Charlton, he gets lost very easily. Since I have been in Western Australia I have realised how far away this State is from Canberra, and how much many people in Canberra, whatever their intentions, do not know about our needs. I agree that the people who live here are quite often the people who best know our needs. However, it has been recognised by most national Governments since the 1940s that since the introduction of Keynesian and post Keynesian economics, central Governments are responsible - through their taxation, fiscal and monetary policies - for the economic well being of the country as a whole.

I want to put again in a slightly different context what I have already said. Hon Alfred Deakin, the first Liberal Premier of Australia, was one of the greatest political realists this country has ever known, although people do not always recognise that. He was a Victorian State interventionist Liberal, and he received a great deal of support from the Labor Party when he was Prime Minister, so we did indeed have a lot in common. There was at the time a great deal of debate in the Constitutional Conventions about the powers of the States and about how best to retain their independence. It was said by Winthrop Hackett that either federation would kill responsible Government, or responsible Government would kill federation in the form in which they wished it. He may have been right. Alfred Deakin said in 1902, in a letter to the *London Morning Post* -

As the power of the purse in Great Britain established by degrees the authority of the Commons, it will ultimately establish in Australia the authority of the Commonwealth. The rights of self-Government of the States have been fondly supposed to be safeguarded by the Constitution. It left them legally free, but financially bound to the chariot wheels of the Central Government. Their need will be its opportunity.

One of the great ironies of the Constitutional Conventions was that our constitutional fathers wrote into the Constitution a section which was motivated by greed. They believed that the Commonwealth would have so little to do with the revenue it raised it would have plenty left

over - which was the case in the beginning - and they wanted a bit of that money. So they wrote section 96 into the Constitution, "Until the Parliament otherwise decides, the Parliament shall have the power to make grants to the States on such conditions as it sees fit." Tied grants were introduced under section 96, and in 1942 the Chifley Government introduced uniform taxation -

Hon P.G. Pandal: It was not the Chifley Government in 1942.

Hon ROBERT HETHERINGTON: I am sorry; it was the Curtin Government, with Chifley as Treasurer. The Curtin Government introduced uniform taxation by raising Commonwealth taxation to the same rate as that of the States and Commonwealth combined. The Constitution provides that, where there are joint powers, the Commonwealth legislation will take priority over State legislation. Chifley decided that the Commonwealth revenue would be raised first, and he would give grants to the States through taxation reimbursement under section 96, on the condition that they did not raise their own State income taxes. The States were left with a range of taxes that they could raise, but the majority of their revenue was to come from the Commonwealth. This means that whether we like it or not, successive Commonwealth Governments have maintained a system whereby they can do all sorts of things with State finances.

The Commonwealth Government did not intervene in tertiary education - except in the Australian Capital Territory, with the establishment of the Australian National University - until Chifley introduced the Commonwealth reconstruction training scheme. I am aware of that scheme because I was fortunate enough to be able to go to university as a recipient of that scheme, for which I will be eternally grateful. The Commonwealth's intervention in tertiary education became increasingly apparent from that time on. Sir Robert Menzies introduced matching grants for universities to raise salaries. I was a member of the management committee of the staff association of the University of Adelaide in the 1960s, and I can remember many times when we had to wait to see whether we were going to get a raise in salary, because the Commonwealth had offered a certain amount, which had to be matched by the States. The Premier of Queensland, Mr Joh Bjelke-Petersen, would refuse to match the Commonwealth grant, so pressure would be brought to bear on him, and we would all wait in agony until he came through and we could get a well overdue salary increase.

Sir Robert Menzies was interested in tertiary education, and he increased the Federal Government's contributions to universities. The Menzies Government decided - following the heated arguments in the 1950s against State aid - to introduce State aid to private schools in a sideways manner by giving grants for science blocks and libraries. So the whole thing gradually snowballed until, with the election of the Whitlam Government, the Federal Government took complete responsibility for the funding of tertiary education, and a great deal of the responsibility for primary and secondary education. There is no doubt that the power of the Commonwealth in the matter of education has become a real issue, and whether we like it or not, it is going to stay. I cannot see the situation changing because it is unlikely that the Federal Government will give straight block grants for education. It may be that it will give part block grants and part tied grants. There are all sorts of ways that the recipe for the shandy of aid can be changed to make it more palatable to the recipients if the Federal Government is prepared to do so. But before it is prepared to do so some of its policies must be opposed strongly in the States. It must be opposed unanimously by the States in a bipartisan way to show that even today there are issues where there is a bipartisan feeling within the States. Education is one of those issues where we should seek some kind of bipartisan policy.

[Questions taken.]

Hon ROBERT HETHERINGTON: It is true that, under section 51 of the Constitution, education is not one of the powers handed over by the, then, colonies to the State. Our education legislation covers State education and the universities are established under State Statutes. Therefore, if Murdoch University and the University of Western Australia are to amalgamate, as has been suggested, it is true, as Hon Norman Moore suggested, that it will be necessary for legislation to be passed by this Parliament. We have the odd situation - as I say, this has happened since the time of Sir Robert Menzies - where the Commonwealth Government makes policy, and the States react and pass legislation accordingly. This is a problem which I do not think will be solved easily, whoever is in Government at whichever

level in this country. Certainly it is something about which we have to be very careful that we do not get so outraged with any given behaviour that we do not judge each case on its merits.

I am one of those people who does not like the Federal Government's white paper. There are some useful things in it - I have not finished reading it properly - but certainly I was most upset by the fact that university fees are to be abolished and there are now to be fees charged at universities. This is a sad and retrograde step, and one of which I do not approve at all, but it is one about which I do not think I can do very much, except to say that we can keep looking at it and making representations to the Federal Government.

I am also aware, having been on Hon Colin Bell's committee on agricultural education, that Western Australia does have, as the amendment says, "unique needs and circumstances". There is no doubt about that at all. Anybody who is at all aware of Western Australia's vast distances and small population realises that we have particularly difficult problems, and that is not always fully realised or understood by people in Canberra. If the people in Canberra are to continue making policy for the country as a whole and for the parts, it is important that we have more say in the determination of those policies. We need to get more effective measurements and joint consultation on matters of educational policy. To say, as Hon Eric Charlton did, that we should revert to the situation of having the States control the lot is just to utter words. It is not very useful merely to say that we have to protest. We have to try to set up some greater cooperation between the Commonwealth and the States in a form of cooperative federalism.

Hon E.J. Charlton: What about the referendum? Didn't that prove people do not want to see an erosion of State rights?

Hon Kay Hallahan: He said "cooperative federalism".

Hon E.J. Charlton: That was not cooperative. That was a direct decision.

The PRESIDENT: Order! If we allow Hon Robert Hetherington to proceed with his comments, there is a fighting chance that we might get this debate out of the way. In the meantime, the motion is that the words proposed to be deleted be deleted. I am interested in finding out whether those words should be deleted.

Hon ROBERT HETHERINGTON: I have been arguing that they should be deleted in order to substitute better words. I do not want to delete them in order to leave a vacuum. I have suggested that to leave the motion in its unamended form is merely to leave in a negative that is not practicable. In response to the earlier interjection of Hon Eric Charlton, I point out that the people decided at the referendum that they refused the referendum. I will not debate it any further because it would drag red herrings across the track. The important thing is that we do not want to pass a negative motion.

Several members interjected.

The PRESIDENT: Order! Honourable members, the place is becoming quite unmanageable. The member who is on his feet properly addressing the Chair gave an indication to me at least half an hour ago that he was starting to wind up his comments. Out of order interjections are preventing him from doing so. I suggest that members leave him alone so that he can wind up his remarks.

Hon ROBERT HETHERINGTON: Thank you, Mr President. I am finding it a little difficult to keep up with my riding instructions, but I will do the best I can to draw my remarks to a rapid conclusion.

I suggest very seriously to the honourable gentleman opposite that the motion as it stands is negative. It is all right; it makes us feel good, but I do not think it gets us very far. We propose to delete certain words with a view to substituting other words because we believe they are more realistic, more capable of producing positive results, and they would be very useful in getting together the two sides of the House in a common cause against the Federal Government. The motion, if passed with our amendment, would put on the record our joint belief in the rights of the States and our need to take part in making decisions that affect us.

I was going to speak to Hon Norman Moore about his statement that he would not vote for the amalgamation of the two universities, but I will do that another time. I will just leave my appeal to him to accept the amendment and produce a bipartisan attempt to change

Canberra's policies. If he would do that, it would be a great advantage to the House, the State and the nation.

HON N.F. MOORE (Lower North) [5.35 pm]: I urge the House to oppose the amendment and support the original motion. The amendment refers to the documents as implying interventionist endeavours by the Commonwealth. There is nothing implied in those documents; they are blatant, obvious, and clearly apparent. They are in no way an implied threat, but a quite deliberate and intended threat. Thus the word "implied" in the Minister's amendment is not acceptable. The amendment proposed by the Minister also talks about the State's right to determine education policies which are "appropriate to Western Australian's unique needs and circumstances". It suggests that we are entitled to pursue our own educational policies provided they are appropriate. If this amendment were to be acceptable it would not refer to policies which are "appropriate to Western Australia's unique needs and circumstances".

The last paragraph reads -

The House urges the Commonwealth Minister to explore seriously with the States more effective mechanisms of joint consultation on matters of education and policy.

The Commonwealth Minister has no role in this matter, yet the amendment suggests that he take a pre-emptive role, and initiate discussion with the States. This discussion already takes place with the Australian Education Council. It is a legitimate body of Ministers which makes decisions about education in the nation. The Commonwealth has no real role in that body and there is no need for the Commonwealth to be involved in any serious exploration with the States of more effective mechanisms for joint consultation on matters of education policy. I ask the House to reject the amendment. To expedite matters, I suggest that we do that as soon as possible and other members who may wish to speak on the motion could do so after the defeat of the amendment.

Amendment put and a division taken with the following result -

Ayes (11)			
Hon J.M. Berinson	Hon John Halden	Hon Garry Kelly	Hon Tom Stephens
Hon D.K. Dans	Hon Tom Helm	Hon Mark Nevill	Hon Fred McKenzie
Hon Graham Edwards	Hon Robert Heuerington	Hon S.M. Piantadosi	(Teller)
Noes (12)			
Hon C.J. Bell	Hon A.A. Lewis	Hon N.F. Moore	(Teller)
Hon E.J. Charlton	Hon P.H. Lockyer	Hon W.N. Stretch	
Hon Max Evans	Hon G.E. Masters	Hon D.J. Wordsworth	
Hon Barry House	Hon Tom McNeil	Hon Margaret McAleer	
Pairs			
Ayes		Noes	
Hon J.M. Brown		Hon Neil Oliver	
Hon B.L. Jones		Hon P.G. Pandal	
Hon T.G. Butler		Hon John Williams	
Hon Doug Wenn		Hon J.N. Caldwell	
Hon Kay Hallahan		Hon H.W. Gayfer	

Amendment thus negatived.

Debate Resumed

HON BARRY HOUSE (South West) [5.42 pm]: I support the expressions of concern over the increased control sought by the Commonwealth Government over education in Western Australia. My background was in secondary schooling. I first became aware of Commonwealth funding of science blocks which gradually extended like a cancer through the schools. The Commonwealth controlled the purse strings and eventually that was the thin edge of the wedge for a lot of secondary schools. Now it wants control over our curriculum and the running of our schools.

A recent example was mentioned where the University of Western Australia and Murdoch University were presented with a virtual ultimatum to merge, and financial matters are involved there. This is a short sighted decision as big is not always necessarily beautiful in education. Another example that comes to mind is that the Federal Government, through its guidelines, is making it difficult for alternative schools to start up; there are now guidelines which set down that 50 students are required as a minimum number for new schools and that capital funding will not be provided for the first three years. That makes it difficult for such schools to begin. I have seen no evidence of such schools in my electorate that are not doing a good job for their students. I am the product of a one teacher school and although I freely admit to many shortcomings I do not think that did me a lot of harm. A lot of students I went to school with have made a success of their lives.

I am opposed to centralised principles, whether in education, or whatever. We have seen clear cut examples of that recently in the rejection of referendum proposals and the ID card debate which raged last year. In recent years we have also seen massive and bewildering changes introduced into the State education system, mainly by the former Minister for Education, Bob Pearce. They were changes for change's sake more than anything else and proved that the system cannot cope with those changes at the moment. In many instances there are changes to curriculums and administrative organisation, which have not been backed up with resources and which are simply not working. My fear is that one of the end results will be that individual schools will turn for direction to whomever provides that money and the only body in Australia with the resources to provide the direction needed may be the Federal Government.

I re-emphasise the sentiments expressed that the people best placed to make decisions on education in Western Australia are the people of Western Australia represented through the State Government, which operates for the benefit of Western Australia.

Hon N.F. Moore: With the exception of Mr Pearce.

Hon BARRY HOUSE: There are exceptions and former teachers do not always make the best Ministers for Education.

Question put and passed.

PAY-ROLL TAX AMENDMENT BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon Graham Edwards (Minister for Consumer Affairs), read a first time.

Second Reading

HON GRAHAM EDWARDS (North Metropolitan - Minister for Consumer Affairs) [5.45 pm]: On behalf of the Minister for Budget Management, I move -

That the Bill be now read a second time.

The purpose of this Bill is to implement measures announced in the Budget speech and is complementary to the proposed changes contained in the Pay-roll Tax Assessment Amendment Bill. The effect of both Bills will be a reduction of payroll tax liability relative to the existing scale for nearly 90 per cent of all registered employers. In addition, between 200 and 250 employers who would otherwise have become liable for payroll tax in 1988-89 will be exempted. This will be achieved by increasing the various payroll thresholds to which the tax rates apply by around seven per cent with effect from 1 January 1989. After adjusting the thresholds the current minimum rate of 3.75 per cent is now proposed to apply to annual payrolls between \$295 000 and \$1.180 million. A corresponding increase will apply for those who pay tax at a rate between 3.75 per cent and 4.75 per cent. These rates will operate between \$1.180 million and \$2.124 million.

The Government is particularly concerned to assist small business. Since this Government came into office not only has the minimum payroll tax rate been reduced but also the payroll tax exemption level has been increased by almost 140 per cent compared with a corresponding CPI increase over this period of just over 50 per cent. As a result of the adjustments to the tax thresholds detailed in this Bill businesses in the lower payroll range will enjoy a reduction in payroll tax of up to \$1 800 per annum, and those in the second

range a reduction of up to \$21 600. The cost to revenue of implementing these payroll tax concessions is estimated to be \$4.5 million in a full year and \$1.9 million in 1988-89.

I commend the Bill to the House.

Debate adjourned, on motion by Hon G.E. Masters (Leader of the Opposition).

PAY-ROLL TAX ASSESSMENT AMENDMENT BILL

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon J.M. Berinson (Minister for Budget Management), read a first time.

Second Reading

HON J.M. BERINSON (North Central Metropolitan - Minister for Budget Management) [5.48 pm]: I move -

That the Bill be now read a second time.

This Bill incorporates proposals that, together with complementary proposals contained in the Pay-roll Tax Amendment Bill, will grant further relief from payroll tax as announced earlier in the Budget speech. Between 200 and 250 employers who would otherwise have become liable will be relieved from liability for the payment of payroll tax as a result of the increase of around seven per cent in the basic annual payroll exemption level from \$275 000 to \$295 000 per annum. The statutory weekly wage level at which point an employer is liable to register is increased from \$5 280 to \$5 670. Together with corresponding proportionate increases in the remaining payroll threshold levels these changes will reduce the payroll tax bill relative to that under the existing scale for some 90 per cent of employers. These measures are proposed to operate from 1 January 1989.

I commend the Bill to the House.

Debate adjourned, on motion by Hon Margaret McAleer.

PAY-ROLL TAX ASSESSMENT AMENDMENT BILL (No 2)

Receipt and First Reading

Bill received from the Assembly; and, on motion by Hon J.M. Berinson (Minister for Budget Management), read a first time.

Second Reading

HON J.M. BERINSON (North Central Metropolitan - Minister for Budget Management) [5.51 pm]: I move -

That the Bill be now read a second time.

The provisions of the Bill are largely directed towards the modification of certain requirements in the Pay-roll Tax Assessment Act which tend to disadvantage taxpayers. These requirements oblige taxpayers to -

make application for a refund or rebate of tax where, after 30 June, a reconciliation between the amount of tax due for the whole of the year and the amount actually paid discloses that the aggregate of monthly payments by the taxpayer has exceeded the amount payable;

make application within 12 months of the close of a financial year in which the taxpayer has been disadvantaged by a change to the allowable deduction part way through the year; and

submit payroll tax returns and pay the tax involved, either monthly or annually.

Although most taxpayers are required to submit monthly returns and make monthly payments the Act provides that, at the end of the year, the tax payable must be calculated on the basis of the full year and the amount thus produced compared with the sum of the monthly payments. If this comparison shows a shortfall between the sum of the payments and the amount due for the year, the employer is compelled to pay that difference. On the other hand, if the sum of the payments is greater than the annual payroll tax liability, the

commissioner may make a refund only if application is made by the employer within 12 months of the close of the year.

The State Taxation Department does, of course, make this comparison in respect of every registered taxpayer to ensure that underpayments are recovered. It has also adopted the practice of advising those employers who have overpaid their annual tax liability and of providing a completed application form to enable them to make formal application in accordance with the Act.

The Bill proposes to simplify procedures by authorising the Commissioner of State Taxation to refund or rebate overpayments of his own volition. Although an increase part way through a year in the amount of the allowable deduction is intended to reduce the payroll tax liability of all taxpayers, it can, in exceptional cases, have the reverse effect in the particular year in which it is introduced. Because a change in the amount of the allowable deduction automatically requires an employer's annual payroll tax liability to be calculated firstly in respect of two separate periods - that is, the period before the change and the period after - an employer who is, say, engaged in seasonal work and whose wage payments are made substantially or wholly in just one or other of the periods, is unable to take advantage of a full year's allowable deduction. To illustrate the matter further, if the whole of the employer's wages were paid in the first period which comprised six months, the payroll tax liability for that part of the year would be calculated by applying one half of the allowable deduction to that six months; for the second six months, the employer would be unable to take any advantage of the one half of the allowable deduction available for that period because there would be no wages from which the deduction could be made.

Under the Act as it now stands, an employer who is disadvantaged in this way must make application within 12 months of the close of the year for the annual payroll tax liability to be calculated as if the allowable deduction had not been changed during the year; in other words, so that a full year's deduction could be made from total wages. Although the 12 month time limit does not usually cause problems, it has done so on occasions when the State Taxation Department has had to assess an errant employer who has not submitted payroll returns for a considerable time.

The Bill therefore provides that a change in the allowable deduction may be disregarded -

by the Commissioner of State Taxation of his own volition within 12 months of the close of the relevant year or on the issue of an assessment after that 12 month period; or

if the employer makes application within 12 months after the close of the relevant year or within 12 months after the issue of an assessment.

The Act presently requires payroll tax returns to be lodged on a monthly basis or, if the Commissioner of State Taxation approves, on an annual basis. It has been customary for the Act to be amended each year to give effect to an increase in the allowable deduction and sometimes to an adjustment of the tax scale. This frequently causes some difficulty to those taxpayers who are on an annual return, because they are then obliged to furnish a single return showing separate tax calculations for each of the two six month periods. A consequential load is also placed on the State Taxation Department which has to verify these fairly complex calculations. It would be helpful if the Commissioner of State Taxation were able to authorise the submission of returns at such intervals as he deemed appropriate, and the Bill seeks to achieve that position.

Finally, the Bill contains provisions to amend schedule 2 to the Act to update the list of State Government departments and the like which are exempted from payroll tax.

I commend the Bill to the House.

Debate adjourned, on motion by Hon Margaret McAleer.

MOTION - STANDING COMMITTEE ON GOVERNMENT AGENCIES

Member Replacement

On motion by Hon N.F. Moore, by leave of an absolute majority, resolved -

That Hon C.J. Bell be replaced by Hon Max Evans as a member of the Standing Committee on Government Agencies.

LIQUOR LICENSING BILL

Report

Report of Committee adopted.

House adjourned at 5.58 pm

QUESTION ON NOTICE

WATER RESOURCES - SYNTHETIC RUTILE PROJECT, MUCHEA
Daily Usage Evaluation

501. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Water Resources:

- (1) Has a detailed evaluation been undertaken as to the daily usage of water by a proposed synthetic rutile plant to be constructed at Muchea?
- (2) If yes, what is the anticipated daily usage?
- (3) What is the likely effect on the water levels in the mound or bores located in the Swan Valley and adjacent to the project?
- (4) If (1) is yes, what is the basis of information that could enable the plant to proceed?

Hon KAY HALLAHAN replied:

- (1) No, but the public environmental review for the synthetic rutile plant and the company indicate an annual requirement of between 550 000 kilolitres and one million kilolitres.
- (2) Not applicable.
- (3) I am advised that preliminary analysis indicates that there will be no significant effect on nearby users or on water levels in the Swan Valley.
- (4) Not applicable.

QUESTIONS WITHOUT NOTICE

STATE GOVERNMENT INSURANCE COMMISSION - CONTINGENT LIABILITY
Government Underwriting

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

I remind the Minister of an answer he gave yesterday to a question in which I asked him whether he had made, or was preparing to make, any budgetary provision in the event that the State Government Insurance Commission ran into financial difficulties through some of its business dealings. The Minister replied that in fact there was no need, or he did not believe that was necessary, and he said - and I quote -

I might add that would be given without having any undue impact on the ordinary operations of State services, and would be accommodated within ordinary budgetary measures.

The Minister was referring to aid to the SGIC in the event it was needed. I ask -

- (1) Is the Minister aware that it is reported the SGIC has borrowings of half a billion dollars authorised by the Treasurer, which is over eight times the net assets of the SGIC?
- (2) How would the Government, in the event something went wrong, be able to underwrite such a contingent liability without special budgetary provisions?

Hon J.M. BERINSON replied:

(1)-(2)

This question involves a very strange mixture of conjecture and hypothetical possibilities. My direct answer to the first part of the question is no, I am not aware of the extent of the SGIC's liabilities, nor would I be expected to be aware of them given that I am not the Minister responsible for the SGIC.

From that point, however, the honourable Leader of the Opposition appears to

be going on to a proposition that the whole of the liabilities of the SGIC are somehow at risk and the Government would have to find \$500 million to meet those liabilities.

Hon G.E. Masters: I am not saying that at all.

Hon J.M. BERINSON: I really do not understand the basis of a question of that kind and I think it is in the hypothetical nature of the question that the difficulty arises.

STATE GOVERNMENT INSURANCE COMMISSION - WA GOVERNMENT
HOLDINGS LTD

Debentures - Shortfall Funding

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

Given that WA Government Holdings Ltd issued debentures to the SGIC for the \$175 million on which the interest and principal must be paid within nine years, and given that there will be no income from the refinery for nine to 12 years, how will the Government fund this shortfall? Is the Government contemplating covering the shortfall to pay this interest and principal by payment under the Treasurer's Advance Authorization Act?

I direct this question to the Minister for Budget Management because undoubtedly any sort of calculation and any sort of consideration of this matter, which must have been made by Cabinet, would have a major effect on the State Budget.

Hon J.M. BERINSON replied:

Questions about details of the financial arrangements of this investment should be directed to the Deputy Premier.

STATE GOVERNMENT INSURANCE COMMISSION - CONTINGENT LIABILITY
HOLDINGS LTD

Budget Provision

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

Supplementary to the previous question, given that the liability to repay the interest and principal is a known liability - bearing in mind the Government has already advanced \$175 million of public money - should not the provision be made in the Budget rather than under the Treasurer's Advance Authorization Act? In other words, it is a known liability and a contingent liability - a continuing liability - and therefore must affect the calculations of this Minister for Budget Management.

Hon J.M. BERINSON replied:

To the extent that liabilities arise in any particular year which require allocations from State resources, that would be done on a year to year basis.

Hon G.E. Masters: You know now about the \$175 million that must be repaid.

Hon J.M. BERINSON: From the question and from Mr Masters' interjection now the House is invited to go back to some propositions which seemed to be put in our debate yesterday; namely, that any future contingent liability ought to be matched by a full cash provision in the year that the contingent liability becomes known. In other words, as I understand Mr Masters' comments, he is suggesting that if it is known that somewhere in the Government system there is a contingent liability of \$175 million plus interest, an amount of that order should be provided in this year's Budget.

Hon P.G. Pandal: Given your track record this year, it might not be a bad idea.

Hon J.M. BERINSON: That sir ply is not so. It is not a part of the normal budgetary process and never has been.

Hon G.E. Masters: Where does the money come from?

Hon J.M. BERINSON: Every year, of course, the Budget papers do provide a

calculation of the State's contingent liabilities, both those which directly apply to departments and those which apply to its statutory authorities. I am plucking figures from the air because I have not had occasion to go to this year's Budget papers to check on the figure, but from memory the State's contingent liabilities this year amount to something of the order of \$5 000 million. That is about one and one third times the whole of our Budget provisions, and that alone should be enough to indicate that it is simply not possible, just as it is not necessary, to provide in any one year cash provisions to cover the whole of the State's contingent liabilities. I think there really is some confusion about the concepts that the Leader of the Opposition is putting, but if he is asking me the direct question: "Has provision been made in cash terms by way of cash allocation in this year's Budget for a contingent liability of \$175 million being a liability known to be due for repayment over a period of nine years?" the answer is no; and the second part of the answer would be no, because that is not necessary.

Hon G.E. Masters: What an extraordinary answer.

COMMUNITY SERVICES - NEWSPAPER ARTICLE

"The Manor which could save Lives" - Inquiries

275. Hon JOHN WILLIAMS to the Minister for Community Services:

In view of an article which appeared in the *Daily News* on 4 November, could I ask the Minister to make inquiries amongst her colleagues to see what can be done about possibly procuring for her department the place which is described as "the manor which could save lives".

Hon KAY HALLAHAN replied:

I thank the honourable member for bringing the matter to my attention. It is not one which comes within my portfolio but I certainly will follow it up with my ministerial colleagues and see what attention can be given to the problem.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT *Role*

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

I refer to question 268 which I asked yesterday, and to the Minister's answer, wherein he said in part -

... namely, that the question indicates a misunderstanding of the role of the Minister for Budget Management.

In view of the number of questions asked of the Minister, and the confusion on my part, and to avoid any difficulties in the future, will the Minister enlighten the House on the role of the Minister for Budget Management?

Hon J.M. BERINSON replied:

I was rather hoping that no-one would ask that question because the answer might indicate my role is rather less important than I would wish everyone to believe.

I am directly responsible for certain defined functions of Government. I suppose the one most clearly defined is the administration of the State Taxation Department. That of course brings me in touch with the legislation which is administered by that department, including payroll tax, the stamp duty, FID, land tax and various other revenue measures.

Hon E.J. Charlton: All the bad ones.

Hon J.M. BERINSON: The taxes which are administered are unfortunate, and we would all be much happier if those taxes were not being imposed but then we would all be out of a job because none of the services of the State would function, including those services represented by this Parliament.

Hon E.J. Charlton: It was the increases that were worrying me.

Hon J.M. BERINSON: I am happy to enter into that discussion as well but it is remote from the question. The comment having been made, the least I should say is that there have been no increases this year. I refer the member to my speech in yesterday's debate when I was able to indicate how the rate of increased State taxes and charges over this Government's term in office has been roughly one quarter of the rate of increases which applied in the three years before we came to office. However, that is by the way, and I would not have thought to mention that but Mr Charlton invited me to do so.

Hon P.G. Pendal: FID did not exist five years ago.

Hon G.E. Masters: We are trying to get you to admit to some responsibility somewhere.

The PRESIDENT: Order! The Minister is trying to answer a question

Hon J.M. BERINSON: The other specific area covered by the Minister for Budget Management involves the role of the Valuer General. Having said that, while we have the Ministry of Budget Management there is no such department. In fact, the sort of support and advice which the Minister for Budget Management requires outside of the State taxation and Valuer General's areas of operation are provided by Treasury. Treasury, though, as members will appreciate, is primarily responsible to the Treasurer.

The functions of the Minister for Budget Management also go to the organisation and agenda setting of a Cabinet subcommittee, the finance and economic development committee; that operates on a very regular basis and has quite a range of activities to consider.

The Minister for Budget Management is also responsible for the miscellaneous provisions section of the Budget - that is a bit of a hit and miss area, as members will know, since a great number of recipients are covered by miscellaneous allocations.

In summary, other than in respect of particular departments, the Minister for Budget Management deals with the orderly processing of Budget bids and allocations. While that sort of work is naturally most intensive in the three or four months leading to the preparation of the Budget itself, it is in fact under this present Government a continuing function that operates on a weekly and even more regular basis. That is, as I understand, in something of a contrast to the organisation of those matters by previous Governments on both sides of the House. I believe that all in all it has assisted in the orderly processing of the innumerable matters involved in the Budget papers.

Hon G.E. Masters: You are responsible for the day to day management of the Budget, are you not?

Hon J.M. BERINSON: I do not think that is a question which really reflects how the system operates.

Hon G.E. Masters: I know it is a simplification.

Hon J.M. BERINSON: Let me say, yes in some respects, and no in others.

Hon P.G. Pendal: You sound like a lawyer and like a columnist now.

Hon J.M. BERINSON: If the member thinks that is an odd answer, he should contemplate how odd the question is.

Hon P.H. Lockyer: You are handling this well.

Hon J.M. BERINSON: To give an example, there would be absolutely no reason for any Minister to bring any matter to the attention of the Minister for Budget Management where expenditure was within existing allocations.

Hon G.E. Masters: I accept that.

Hon J.M. BERINSON: If, on the other hand, there is need for approval of an excess, that should go either to Cabinet as a whole by way of submission, depending on the nature and scale of the proposal, or, if it is of a fairly limited nature, it

could well come directly to me for direct submission to the finance and economic development committee.

Hon G.E. Masters: In any event, you would have knowledge of it?

Hon J.M. BERINSON: I would have my attention drawn to any applications for excesses over approved allocations. As the Leader of the Opposition would know from his own experience - now happily reasonably remote - many excesses of expenditure are only brought to attention after they have been made and when we are ready to wrap up the Budget. In that sense neither the Minister for Budget Management nor the Treasurer, and very often the Minister individually, is aware of the need for excess until the end of the year when the books are being balanced and when that sort of over expenditure emerges.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT
Cabinet Budget Committee - Member

277. Hon D.J. WORDSWORTH to the Minister for Budget Management:

Is the Minister a member of the Cabinet Budget committee?

Hon J.M. BERINSON replied:

I am not a member of the Cabinet Budget committee because we do not have one. We used to have one but it is now called the finance and economic development committee, and that is the committee to which I referred.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT
Cabinet Budget Committee - Chairman

278. Hon D.J. WORDSWORTH to the Minister for Budget Management:

When was the Cabinet Budget committee in place, and was the Minister the chairman of that committee?

Hon J.M. BERINSON replied:

I do not exactly remember but I think we established the committee about four or five years ago. I was initially the chairman of it but the Treasurer is the chairman of the present committee.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT
Indemnity Decision - Cabinet Budget Committee, Chairman

279. Hon D.J. WORDSWORTH to the Minister for Budget Management:

On 11 November 1987 I asked the Minister a question as follows -

- (1) Is it correct that the State Government has given Rothwells Ltd bank a Government guarantee, and if so for what amount, and on what terms and conditions?

Mr Berinson replied no, and added -

. . . the State has indemnified the National Australia Bank to secure a \$150 million cash advance and bill acceptance and endorsement facility as part of an integrated package of measures to assist Rothwells Ltd.

- (2)-(4)

Members of the Cabinet Budget committee met with Mr James Younge, Chief Executive Officer of Wardley Australia Ltd, and Mr Peter Beckwith, Managing Director of Bond Corporation, and were given an assessment of Rothwells Ltd's financial position prior to taking the decision to grant the indemnity to the National Australia Bank. This information is commercially sensitive.

Was the Minister a member or chairman of the Cabinet Budget committee when that very important decision was made?

Hon J.M. BERINSON replied:

From memory, I was still chairman of the committee at that stage. I assume that was a question on notice. The answer I gave is apparently taken by the honourable member to indicate that the people concerned attended a meeting of the Budget committee and certain decisions followed. The nature of the events was that members of the committee were invited by the Premier to attend a meeting which he had called. The meeting was arranged and conducted by the Premier; members of the Budget committee were present, but it was not a meeting of the committee in the ordinary sense.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT

State Government Insurance Commission - Investment Consultations

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

When the State Government Insurance Commission invests substantial sums of money on the authority of the Treasurer, is the Minister for Budget Management consulted? As examples, I cite the fairly large, recent investment in Rothwells; and the considerable, expensive purchase, costing approximately half a billion dollars, of property and shares from Holmes a Court. Was the Minister consulted in those matters.

Hon J.M. BERINSON replied:

I am not consulted by the SGIC, nor do I need to be.

Hon G.E. Masters: What about the Treasurer?

Hon J.M. BERINSON: No, I am simply not involved in the ordinary affairs of the SGIC, whether directly with the SGIC, through the Treasurer or in any other way.

Hon G.E. Masters: I asked: Did the Treasurer consult you on these matters?

Hon J.M. BERINSON: As for these property purchases I think, as has previously been indicated, the purchase of the property from Holmes a Court was done with the knowledge of the Cabinet. That did not involve my own position in any particular respect. Those events are now about a year old and I am reluctant to give detail of them from memory, but I think that is the position which was indicated at the time.

MINISTERS OF THE CROWN - MINISTER FOR BUDGET MANAGEMENT

State Government Insurance Commission - Investment Consultations, Treasurer

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

If I simplify this supplementary question the Minister can answer yes or no, I hope. Would the Minister expect to be consulted by the Treasurer in the event that he approved substantial investments by the SGIC?

Hon J.M. BERINSON replied:

No.

ROTHWELLS LTD - ADVERTISEMENT

Government Guarantee Asset - Action

282. Hon D.J. WORDSWORTH to the Minister for Budget Management:

In view of the fact that Rothwells placed an advertisement stating that as an asset it had a \$150 million guarantee from the Government, what action did the Minister take considering he had answered to me earlier that there was no Government guarantee?

Hon J.M. BERINSON replied:

I have never been aware of an advertisement of that nature, nor can I say at this stage whether I would have been prompted to take action. The reply which has previously been quoted was obviously given on advice and went to the technical nature of whatever the arrangement was. That arrangement, however, was not one in the detailed preparation of which I was involved.

ROTHWELLS LTD - ADVERTISEMENT
Government Guarantee Asset - Action

283. Hon D.J. WORDSWORTH to the Minister for Budget Management:

Now the Minister knows the situation, will he take action against the person who advertised that the bank had a \$150 million guarantee when, indeed, it did not?

Hon J.M. BERINSON replied:

I feel confident that this, and any similar matter, would come within the range of inquiry of either the liquidator or the National Companies and Securities Commission and would be adequately covered by their reports.
