

Legislative Council

Wednesday, 19 April 1989

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 10.30 am, and read prayers.

WESTERN AUSTRALIAN PETROCHEMICAL INDUSTRIES AUTHORITY BILL

Third Reading - Defeated

HON J.M. BERINSON (North Central Metropolitan - Leader of the House) [10.32 am]: I move -

That the Bill be now read a third time.

HON G.E. MASTERS (West - Acting Leader of the Opposition) [10.33 am]: I put on record at this stage of the debate the strong opposition of the Liberal Party to this legislation in its present form. We support the setting up of a petrochemical project in Western Australia. However, that project should be financed and constructed by the private sector. The Government should not become involved in the petrochemical industry; rather, it should endeavour to get out of it. This Bill means that WA Inc is still alive and expanding. The Bill will allow the authority, with the Treasurer's approval, to enter into unlimited borrowings; to borrow on behalf of the other participant in the project; and to guarantee the total project if the circumstances demand it be the case. It will allow the Government, and therefore the authority, to increase its stake; in fact, it could take over the whole project. In other words, the public could end up with an enormous liability of perhaps \$1 billion if things do not go right. That is not the role of the Government, and the public do not want it that way. It appears that Bond Corporation is once again to be allowed to feed like a piranha on the public purse. This legislation could be of great benefit to the participant. There is no way the Liberal Party can support this legislation. The Labor Government's involvement in the Petrochemical Industries Co Ltd project is a disgrace, and has been from start to finish. We will have no part of it.

HON MAX EVANS (Metropolitan) [10.35 am]: I support the comments of my leader. When this Parliament finishes at the end of next month, I will go away from this place holding the Leader of the House responsible if anything goes wrong with this project. He was the last bastion of sensibility, whereby he could look at what was going on, and at the unlimited liability of the Government in respect of guarantees and loans. He pressed the Government's case as to why it should underwrite the whole project. He could not tell us how the funding had been put together. He argued that it was the right of the Government to go ahead with this project, with the other participants not putting in any money.

This project should not proceed in its present form. A limitation should be applied to the project to protect the public purse. I hope this project will not go wrong, but if it does, I hope the Leader of the House will not say he wishes he had done something about it; because something should have been done. It has been said in many places that Government has the right to govern and to put through the Parliament legislation of this kind. However, it is important for the Opposition to point out that it does not think it is good legislation whereby the Government is put in a position of unlimited liability, and where the State can give guarantees.

This authority is no different from any company. The financial involvement is the same. I know the issue has been clouded by the Press, and journalists try to destroy the objectives of the Commission on Accountability. But that is not what is at stake here. What is at stake is the legislation brought in by this Government to establish this authority whereby the Government is not prepared to put any limits on the percentages of borrowings or guarantees. Last night there was talk of the \$100 million being committed. Something could have been put in there. We were told it was only a short term loan; it would have been subject to what had already gone out, fully covered. That would all come back, and the balance of the future moneys would be limited to the Western Australian Government's share of the petrochemical project.

It is not as though the Government has a majority holding; it has a minority holding. We have no real say in it. I do not know whether the Government controls it, whether it can kick

out the directors. If the Government has taken on full responsibility for financing this venture, it should have full control of the directors. I missed a point on the directors last night. What are the talents and capabilities of the present board to look after our money? They have \$275 million of taxpayers' money, which is one quarter of the total tax raised by the Western Australian Government in one year, and that goes into this venture. It comes from borrowings, but borrowings can only come out of revenue if the project goes foul.

We heard a ludicrous comment last night: The Leader of the House said that the Government had worked out how it would cover any losses if anything went wrong. I cannot believe it has, because the results would be horrendous. It is like the Rothwells guarantee: Nobody believes things will go wrong in this world, but Murphy's law applies, and if things can go wrong they will. That is what happened with Rothwells. It is a disaster waiting to happen.

This House is being asked to support the third reading and pass this legislation - which is not about an authority, which is the hype about which the Leader of the House gave us yesterday; now he has an mandate to set up an authority. The guarantee was in the old Act, but for a completely different purpose. The Burt commission queried that purpose. There was a \$US24 million guarantee in respect of the Argyle venture. That same guarantee has now been broadened and taken into the authority. It is I think in clause 26. Even the State guarantees are locked in. The State has a big rubber stamp which will be used again and again.

I see from the front page of this morning's paper that Alan Bond is trying to sell his property. If he had been listening to the debate here he might have thought he had to put some equity into this venture. He might have to sell some property to match the State Government's contribution. By the end of the debate he would have discovered that he did not have to find any money, and business was as usual. The Government is the fairy godmother of Alan Bond and it will provide all the capital. It is a disgrace and the Leader of the House will have to live with it. We should not support legislation like this - legislation which can involve deep financial commitments by this Government well beyond its capacity to earn income. It is not beyond its capacity to borrow for a long time, but we still have to service those borrowings. The interest rate now is 16 per cent, which is very expensive money. This should be looked at closely. If the Government wants it it should live with it.

I am all about helping Western Australia and Western Australians, present and future. We must have a State which can do things it wants to do. We lost \$140 million as a result of the Teachers Credit Society and the Swan Building Society fiascos. This has just been taken away. The State Government Insurance Commission has a loss. We cannot afford to have any more State revenue put at risk as a result of legislation like this which gives an open ended guarantee by this Government.

HON J.M. BERINSON (North Central Metropolitan - Leader of the House) [10.44 am]: I agree with Hon Max Evans that a project of this scale imposes heavy obligations on the Government. Of course it does, but those obligations are there, whether within the WA Government Holdings Ltd framework or within the authority which this Bill establishes. That basically is the difference created by this Bill. To the extent that the old arrangements imposed these responsibilities on the Government, so does this new authority. It is not lessened in any way by the change of framework for the project. For the rest, I believe the issues involved have been fully canvassed and I do not need to pursue them.

I commend the Bill to the House.

Question put and a division called for.

Bells rung and the House divided.

Remarks during Division

Hon E.J. Charlton: Mr President, I want to ask a question.

The PRESIDENT: The Standing Orders say that if you want to speak during the course of a division you must speak from your seat, sitting.

Hon E.J. Charlton: Because I was called away I did not know that this debate on the third reading was taking place. As a consequence I have just walked in. I have not heard what honourable members had to say, so I wonder if there is anything I should know about the comments on the third reading.

Hon Max Evans: We made two brilliant speeches on this side of the House.

Hon E.J. Charlton: I need your direction, Sir, to know what has taken place.

The PRESIDENT: Order! The position is quite clear - whether or not a member understands what he is voting on is not a question for the Chair to determine. The question has been properly put, a division called for, and the tellers have been appointed; the situation is out of my hands and the tellers must tell. So it has proceeded beyond the point of no return.

Hon J.M. Berinson: Mr President, this is obviously a most unusual situation. Is there any capacity for the House to defer the vote to enable the honourable member to confirm for himself that nothing was said in the third reading additional to what has previously been considered?

The PRESIDENT: I am afraid I must indicate that this vote cannot be stopped. I understand the predicament of Hon E.J. Charlton and, indeed, the desires of the Leader of the House. I must say that it is an unusual state of affairs, to say the least. I know of no precedent for it, but what I am prepared to discuss with the Clerk for one minute is whether perhaps there is some way in which I can leave the Chair for a couple of minutes to give consideration to some other move. However, before I do that, it is the House which is making the decision and the numbers are in place. I am not sure that there is anything that I really ought to do, but I ask permission from the House to consult for one minute with the Clerk even before I proceed any further.

Hon G.E. Masters: Mr President. Must I speak from my seat, Sir?

The PRESIDENT: Yes.

Hon G.E. Masters: It is unusual to sit down and talk. As I understand the situation, the position is quite clear. The House was called to divide, those people who decided to vote in favour went to one side of the House -

The PRESIDENT: Order! I am aware of all of that.

Hon G.E. Masters: Yes, but I make the point that at this stage no-one is allowed to leave or come in - and the tellers were appointed. I do not think anything can be done except to count the numbers as they were on the floor.

The PRESIDENT: I am not denying that, and I have already said that the numbers are locked in and it has gone beyond the point of no return. What I do want to do is to discuss - and I would prefer to leave the Chair for a couple of minutes rather than discuss it with the Clerk while I am sitting here - whether there is some advice that I can give the members who have asked for some advice. I will have to seek leave of the House to leave the Chair under these circumstances, and one dissenting voice will prevent me from doing so, in which case I will proceed. However, I have had what I consider to be a genuine request from Hon E.J. Charlton for some advice, together with a request from the Leader of the House. I believe they are entitled to a considered response from me. I must repeat that this situation is unprecedented in my studies of parliamentary practice. I have done more in this field than the average member of Parliament and I have never, ever come across this situation in any of my readings. It certainly is unprecedented in my 25 years here.

Therefore I seek leave of the House to leave the Chair for a moment in order to discuss the matter further with the Clerk.

Leave granted.

Sitting suspended from 10.55 to 11.08 am

The PRESIDENT: Honourable members, I took advantage of the leave that you granted me to confer with the Clerk and to examine the situation with a view to seeing what manoeuvrability was available. I must advise the House that the vote as taken must stand and there is no action that can be taken to undo it. Therefore I must ask the tellers to complete their task.

Result of Division

The division resulted as follows -

Ayes (12)

Hon J.M. Berinson
Hon T.G. Butler
Hon Graham Edwards
Hon Kay Hallahan
Hon Tom Helm

Hon Robert Hetherington
Hon B.L. Jones
Hon Garry Kelly
Hon Mark Nevill
Hon S.M. Piantadosi

Hon Tom Stephens
Hon Fred McKenzie
(Teller)

Noes (13)

Hon J.N. Caldwell
Hon E.J. Charlton
Hon Max Evans
Hon Barry House

Hon A.A. Lewis
Hon P.H. Lockyer
Hon G.E. Masters
Hon Tom McNeil

Hon N.F. Moore
Hon P.G. Pandal
Hon W.N. Stretch
Hon D.J. Wordsworth

Hon Margaret McAleer
(Teller)

Pairs

Ayes

Hon Doug Wenn
Hon D.K. Dans
Hon J.M. Brown
Hon John Halden

Noes

Hon John Williams
Hon Neil Oliver
Hon H.W. Gayfer
Hon C.J. Bell

Question thus negatived.

Bill defeated.

ACTS AMENDMENT (ACCOUNTABILITY) BILL

Second Reading

Debate resumed from 12 April.

HON MAX EVANS (Metropolitan) [11.10 am]: I rise on behalf of the Opposition to support the Acts Amendment (Accountability) Bill, which is the result of a Commission on Accountability being set up under the chairmanship of former Chief Justice, Sir Francis Burt on 7 November 1988. That was a most important and historic day for our State because it was exactly four days after a liquidator was appointed to Rothwells, on 3 November 1988. The events leading up to 3 November 1988 forced the Premier to do something regarding the image of his Government and its investment policies over the past six years. This four-on-the-floor Government which became involved in racy deals that for a long time gave the Government wonderful headlines about money and profits found that suddenly the chickens were coming home to roost.

When dealing with the question of the Government's investments one really has to go back at least six months to May 1988; I quote from the second reading speech given by the Leader of the House on 12 April which reads in part as follows -

... the brief of that commission was to conduct the most comprehensive review ever undertaken of the accountability procedures covering Government investments.

Those words were well written. The first ever - of course it was; it was never required before because no Government in Western Australia's history ever had an investment policy in statutory authorities as reckless as that of this Government.

I take members back to May 1988, which is when an approach was made to Mr Holmes a Court to sell his interest in the Bell Group Ltd, which was taken up by the Bond group and the Government through the State Government Insurance Commission. Each bought 19.9 percent of Bell Group. This cost the Western Australian Government \$160 million, being 64 million shares at \$2.50 each; a similar number was bought by the Bond group. The difference was that the Bond group paid \$2.70 per share. Then over a period of time it came out that there had been a certain degree of collusion between the two; the Government and Bond group had the same adviser who came out from America to help them, a former Western Australian, Trevor Rowe of Saloman Brothers. The National Companies and Securities Commission started making inquiries because it was not too happy about the deal. Bond Corporation said it would purchase the public share in Bell Group for \$2.70.

As it transpired, a few days later it turned out that the Government had not only bought \$160 million-worth of shares but had also put another \$140 million into Bell Group

convertible notes. It had \$140 million convertible notes with a face value of \$150 million; it paid \$140 million plus interest of about \$9 million. The convertible notes were to be converted some years hence, half for about \$3.25, and the other half for \$10.25. Even then those were impossible figures; one would never expect them to convert at that price. This gave the new Premier a lot of heartache; he had only been Premier for four months and he was starting to see the SGIC becoming involved with these big deals of shares with Mr Holmes a Court to the extent of \$300 million. The Premier had to look back to see what had been happening, back to last November when the SGIC paid \$500 million to Mr Holmes a Court in respect of Perth city properties and BHP shares. At that time the SGIC borrowed \$500 million to do the deal; and as a result of that deal last November - which I have mentioned many times here - it was paying 15 per cent for its money. The return on the properties and shares was about five percent, so the SGIC was losing 10 per cent, or \$1 million a week in holding costs on those properties and BHP shares.

Not content with having those problems behind him, the Premier had to look at the sale of properties in June 1988. There suddenly was a rush of sales of properties with very beneficial terms for purchasers done by the SGIC and the State Superannuation Board. They sold their interests in the Perth Technical College site, the West Australian Newspapers Ltd site, the Royal Exchange and the WA Trustees building to Messrs Packer and Anderson for \$270 million, with \$90 million down and \$180 million interest free. I am certain someone must be telling the Premier that he has liquidity problems coming with these sorts of deals. The Premier was quite happy in a mid-August Press release of the State Government Insurance Commission to say that it had made \$137 million. That looked most impressive; it was so good that the Government gave Hon Kay Hallahan \$12.5 million for the Family Foundation to distribute to people.

As time went on the accounts became subject to audit and it emerged that in June the SGIC was involved with Rothwells to the tune of \$70 million; when Rothwells crashed the SGIC was involved to the tune of \$91 million. These are things the public never knew. People started asking questions such as: What was the State Government Insurance Commission doing having \$91 million in Rothwells? Later it transpired that the R & I Bank had \$11 million in Rothwells. A Government statutory body put money into an operation into which no normal, prudent businessman in Western Australia or Australia would put funds unless he had a cover up and was assured that it would not crash because of how he would come out of it. With these problems hanging over the Government's head, the Premier must have been working for some days before this because he had a lot of problems without even knowing the extent of the debt.

One must go back to the debate last night when the House discussed the National Companies and Securities Commission's report and the Government's involvement, on 22 October or 23 October, in a second rescue of Rothwells. The SGIC was to put in another \$25 million, Spedleys \$25 million, as did Bond Corporation. Why did the Bond Corporation and the Government keep putting money in? It was because they did not want it to emerge that they had made a big mistake in October 1987 with the rescue of Rothwells; they wanted time to extricate themselves from that deal.

We must also remember that in this period the Government became involved in the Petrochemical Industries Co Ltd deal - Rothwells again. Rothwells had to be saved; Laurie Connell was taking out \$350 million-worth of non performing debts. The Government did a deal with Bond Corporation again, which involved the SGIC lending \$175 million to WA Government Holdings Ltd to buy the goodwill of the PICL project while the Bond Corporation contributed \$225 million. Over the past six months the Premier had had these major deals - the \$300 million deal with the Bell Corporation and with Bell Group shares; and \$175 million, which the Government forced the WAGH to put in. After all, WA Government Holdings Ltd would not have put in that sort of money, nor borrowed it from the SGIC if it had not been a Government instrumentality; in fact it could not have borrowed that sort of money with a \$1.6 million capital and done a deal with no potential - only blue sky.

That is the background of why on 7 November we come to this great effort of trying to cleanse the image of this Government, because an election was coming. The Government wanted to be seen to be pure and clean; and if one looks at the election results, the Government did a good job, or the Opposition did not do a good enough job getting the message over of what the Government had done with taxpayers' money. On 22 January the

Premier released the commission's report and said that the Government would move as quickly as possible to implement its recommendations. I will come back to that later because it only touches the surface of this matter; we will have to do a lot more about it to see what needs to be done in consultation with the statutory authority. The Premier also placed on the record his appreciation of the work done by the commissioners; I think we would all do that because they did a very good job. I believe Treasury officials were doing their research and were biased. The commission met about 13 times, with Treasury officials putting together what they thought was wrong. It gave them a wonderful opportunity to get their own back on the statutory authorities which had been walking over the Treasury doing what they liked. This gave the Treasury officials a chance to say what they thought about WA Government Holdings Ltd, Exim Corporation and Western Australian Development Corporation - there would not have been one person in Treasury who did not know that John Horgan was being paid \$600 000 a year in salary.

They did not like that because they knew they were not only using Government funds to make money for the Government but also creating a high profile for the Government. The second reading speech states -

The Burt commission recommendations fall into two main categories: Firstly, those related to the application of the Financial Administration and Audit Act to Government agencies, the role of the Auditor General, agencies incorporated under the Companies Code, and public scrutiny.

There would not have been any problems regarding Government accountability to Parliament if the blockage of information had not existed. The boards of Exim Corporation and Western Australian Development Corporation were set up to run the operations supposedly without the supervision of Parliament, and the first recommendation will look into that; the Auditor General is to carry out audits of all subsidiaries such as Exim. I believe 22 subsidiaries were involved and these were audited by outside firms. There was nothing wrong with that. The Auditor General believes he should audit the subsidiaries.

To return to the second reading speech -

Secondly, recommendations affecting particular agencies, including the Western Australian Development Corporation, the Totalisator Agency Board, and the State Government Insurance Commission.

This refers to directions given by Ministers. They should be written and incorporated into the annual report. As already mentioned in another debate, the annual reports are presented too late in this House. I understand that the Standing Committee on Government Agencies some years ago recommended that such directions should be tabled in Parliament within seven days of publication. An example of that was the direction by a Minister for the State Energy Commission to draw a cheque for \$15 million to go to Western Collieries as a back-to-back loan in the rescue of Rothwells. If Parliament had been alerted about this direction the deal would not have been allowed to follow through. The Government denied that direction, but a direction such as that where a Minister can force a major statutory authority to draw a cheque for \$15 million is a most serious matter.

The second reading speech also states that -

In particular, the amendments to the Financial Administration and Audit Act provide for definitions of subsidiary bodies and for the Auditor General to be the auditor of those subsidiary bodies.

I ask the Minister, when she replies, to give five examples of subsidiary bodies. I cannot work this out. Subsidiary bodies come under the Companies Code, and now that we have got rid of Exim I can identify two others' - Aboriginal Enterprises Company Limited and a Belgian company, both subsidiaries of WA Government Holdings Ltd. They will not be subsidiaries of the new chemical authority, which does not exist now, but will remain subsidiaries of WA Government Holdings Ltd. Can the Minister identify five subsidiaries? Maybe subsidiaries of departments exist which we have not identified. A large part of the amendments relate to subsidiaries but we believe this area needs to be expanded on in a greater way than the Government has considered necessary.

The second reading speech also states that the Financial Administration and Audit Act should be amended to limit the powers of any subsidiary to the powers necessary to achieve

the objects with which the parent organisation has been charged. That refers to WA Government Holdings Ltd, which has certain powers under its articles of association. It also refers to other subsidiaries. The speech says that those subsidiaries should not have powers beyond what WA Government Holdings Ltd was set up for. Marketing overseas was involved, as were business migration programs, education programs, and the running of cattle stations. The subsidiaries carried on businesses for which the parent company did not receive a grant. The shares of Northern Mining Corporation were taken over, and the company was used to set up Exim to avoid the State Trading Concerns Act.

The Government says that at this stage it will not move to limit the powers of subsidiaries, or the necessary powers to achieve the objects of which the parent organisation has been charged, and the second reading speech states -

The Government will not proceed with such an amendment at this time because of advice from Parliamentary Counsel and because of the risk of cutting across valid existing activities.

I ask the Minister to elaborate regarding the subsidiaries in relation to which the Government will not proceed with the limitation of power. What subsidiaries are we talking about? I have mentioned Aboriginal Enterprises and the Belgian company connected with the Diamond Trust, but the Government must have in mind many subsidiaries when considering major amendments being put off.

Hon Kay Hallahan: Our view is that subsidiaries' activities are controlled by parent bodies' functions.

Hon MAX EVANS: I understand that, but I want some examples of subsidiaries which are to be controlled. Will the legislation affect subsidiaries which will exist in the future or those subsidiaries which exist now? Apart from Exim, I am not sure how many subsidiaries are around and that is why I ask for examples from the Minister. The Government must have had something at the back of its mind in drafting the amendments.

Hon Kay Hallahan: All subsidiaries.

Hon MAX EVANS: The second reading speech continues -

I turn now to those amendments affecting particular agencies. . . . the amendments address the Burt commission view that ministerial directions to such bodies be in writing and appropriately reported by the organisation concerned.

I ask the Minister to comment on that as reports will be made in the next annual accounts of the statutory authorities. Will that include all directions from 1 July or from the date the legislation is proclaimed?

The report goes on to comment on Exim Corporation and to indicate that the Government has made its position clear; Exim will be wound up and the assets sold off. The WADC is also covered by procedures for liquidation and winding up. The commission is critical of WADC and the operations undertaken by it through FundsCorp, which has reverted to the Government. I take exception to this because the Government has stated that WADC has done a great job. I will not bore the House by repeating the comments I made the other day. But WADC has made no real profit that the Government could not have made itself. All the ventures of WADC were with the assistance of the Government.

Turning to the second reading speech again, in relation to WADC it stated -

Last financial year the corporation made a profit of nearly \$11 million, of which \$4.7 million was returned directly to taxpayers.

That means paid into Consolidated Revenue, and \$5.4 million of the \$11 million came from LandCorp - the Urban Lands Council - and would have been placed into Consolidated Revenue in any case. The profit appeared to be good but all the properties were bought under contracts of sale from the Government and not paid for until the sale took place. Interest is paid by developers as a holding cost for the land for many years before the sale. The WADC received a \$2 million administration or consulting fee from the Government in respect of land dealings. It received a \$3 million grant from the Government in respect of EventsCorp. An amount of \$2.5 million was received from FundsCorp for dealing with Government money and charging a fee for it. The Government would have made that money

in any case. The fee was paid on top of that. A profit of \$11 million was not made last year - no money was made last year that the Government could not have made itself. On the gold coins sold, they lost \$1.4 million in the first six months of GoldCorp on a turnover of \$800 million.

So, the speech was quite correct in that the Government set up this inquiry to look into the investment policies of statutory authorities in Western Australia. But, the Commission on Accountability was not about investigating the role of Government, which I believe it should have been; it should have investigated Rothwells, the SGIC guarantee, the Teachers Credit Society, etc. Why was the Teachers Credit Society allowed to go bad? The commission was about investigating the authorities created by the Government and the problems created by Brian Burke, the Leader of the House, Hon Joe Berinson, and his Cabinet. In no way could it be said that one man did all of this. The then Premier came up with these ideas such as the WADC, Exim, WA Government Holdings Ltd and the Argyle diamond shares and the Cabinet went along with them and they rolled on. The Government's own bad financial policy in letting things get out of control was the reason that it had to bring in the Commission on Accountability to report to the Premier to tell the Government what the Opposition has been trying to tell the Premier, the previous Premier and the Government for many years.

Hon Kay Hallahan: That is rhubarb, Max.

Hon MAX EVANS: It is true. I had to break down the money that Exim and WADC were not making with their investment policies. The Opposition has been telling the Government these things for a long time; it is not new. That is why this commission was set up. The Opposition ran the stories on the investment by the SGIC in the Bell Group, which I will come back to later on.

The Commission on Accountability had as its members Hon Sir Francis Burt as Chairman, Mr Ross Bowe, who is the Under Treasurer, Mr Bill Brown, Mr Alan Smith, who is the Auditor General and Mr Tim McComish, who is a solicitor. I quote from the report -

The terms of reference of the commission as advised in the Premier's letter to the Chairman dated 24 November 1988 are to:

- . review existing procedures and recommend guidelines to protect the public interest and improve financial management and accountability in respect of government investments, with particular reference to departments and authorities with a significant investment role;
- . call for and consider reports from all such departments or authorities on their current investment policies and practices, and to make such further enquiries as are necessary to carry out the review;
- . recommend any necessary legislative, administrative and/or procedural changes; and
- . report to the Premier as soon as practicable.

By letter dated 14 December 1988, the Premier excluded the Rural & Industries Bank of Western Australia from the reference.

In several places the exclusion of the bank has been queried, but I concede that that was a good decision because the R & I Bank, generally speaking, should not be making many investments other than lending to its clients - although it has been investing in some newer Western Australian companies, but I will not go into that during this debate as it is not the subject of this review.

The whole reason for the commission was to look into these deals and operations that have been going on with the blessing of this Government. For a long time this Government received a great deal of credibility for these deals as they were believed to be to the benefit of Western Australia, but we are paying the price today. I quote from the Burt report -

The obligation of every government agency to account "in respect of government investments" should be, and should be seen to be, a legal obligation.

Further on the report states -

This obligation to account extends to ends as well as means. The Government agency should be made subject to an obligation when called upon to account to Parliament for the ends which it seeks to achieve by the exercise of its investment authority.

What the report is saying is that the authorities were making larger and larger investments which seemed to be to the benefit of Western Australians, but at any time these investments could be involving a liability to the Government of Western Australia, and hence the taxpayer. The report goes on to say -

Hence it can be seen that accountability is accountability to the Parliament and, as will appear, the Parliament is the place within which the idea of public scrutiny must find its fulfilment.

... In other words, the recommendations contained in this report are but means to an end and the attainment of the end is dependent upon the proper operation of the Parliamentary system and upon the proper use of Parliamentary questions in particular. And that is an area which lies outside this Commission's terms of reference.

We have all experienced problems in using the parliamentary system to ask questions and get answers. The questions relating to statutory authorities have not been answered as they should have been. When we asked questions about the \$15 million SECWA cheque, we should have received an answer immediately. This situation must change and the Burt commission says that we cannot be locked into this position.

Hon Kay Hallahan: The report does say that there are times in which commercial considerations would be a factor.

Hon MAX EVANS: I agree completely, but commercial confidentiality must not be used as a cover-up for the misdeeds of the Minister. I agree that it might be that giving information regarding some corporation could be to the benefit of somebody else. An example came up in the debate last night on the SECWA Select Committee regarding the SECWA deal with Western Collieries in which there was commercial confidentiality in relation to the price that Western Collieries was paid for coal. It would not have been fair to Western Collieries if that information had got out. The Opposition accepts that as true commercial confidentiality, but we do not accept cover-ups.

Hon Kay Hallahan: You think there are cover-ups where there are no cover-ups. That is the dilemma for the Government.

Hon MAX EVANS: We have not done a bad job in finding out the facts and where the cover-ups are, and we should be able to ask questions without being fobbed off with non-answers such as, "That is not a fact," or, "It was not 11 o'clock, it was 11.30. Therefore, I cannot answer the question. If you had said 11 o'clock, I would have answered your question." Those are the sort of answers received in the other place on these specific deals. I quote from the report again -

... whether the responsible Minister recognises that he is under a duty which he owes to Parliament - a political but not a legally enforceable duty - to answer proper Parliamentary questions which relate to the information which he has or which he has the authority to obtain.

That is an important point. I was pleased to see over the last few days at the end of this Parliament that the Leader of the House, for the first time in my three years as a member, started to answer questions that were asked. I thank Hon Sandy Lewis for his powerful speech which seemed to initiate that response.

Hon T.G. Butler: It is a pity that Mr Lewis is not here to receive your accolades.

Hon MAX EVANS: I will make sure that he gets a copy of my speech.

The commission was very worried about the Government ignoring the State Trading Concerns Act. Once again I quote from the report in relation to the application of this Act -

It applied to "any concern carried on with the view to making profits or producing revenue, or of competing with any trade or industry now or to be here after established, or of entering into any business beyond the usual functions of State

Government".

The Act states that if the Government goes into any of these operations it must come to the Parliament. The Petrochemical Industries Authority does not even contain a reference to the State Trading Concerns Act and it assumes that it can do as it likes, but it should fall within the provisions of that Act because it is trading, directly or indirectly, in an operation which is trading for profit and competing publicly. The report states about the Act that -

Every trading concern was placed under the control of a Minister of the Crown.

... The funds necessary for the establishment and carrying on of any trading concern were to be appropriated by Parliament.

... Accounts were to be kept.

... Annual estimates of revenue and expenditure were to be submitted to Parliament.

So, the Act states that "estimates of revenue and expenditure were to be submitted to Parliament". I have not seen any estimates of revenue and expenditure from the statutory authorities such as Exim, WADC and GoldCorp; these estimates never came to Parliament and the books were not open to inspection by the Auditor General.

The report of the Burt Commission on Accountability states -

... the commission has been advised that the policy of the Government is "to increase public scrutiny of government investment activities" and "to improve ... accountability" and the purpose of the Commission's review is to aid the Government in the implementation of that policy.

The commission refers to the Financial Administration and Audit Act which has been in operation for the last five years and is based on the Queensland legislation. A few amendments are proposed to the Act, but they are not of any great import. Some of the proposed amendments to the Act have been recommended by the Burt Commission on Accountability.

Further on in the report under the heading "Financial Administration and Audit Act", it states -

The Financial Administration and Audit Act of 1985 was introduced to improve the financial administration, reporting and audit requirements of Western Australian government departments and statutory authorities. The Act, as stated in its long title, makes provision for "the administration and audit of the public finances of the State and certain statutory authorities and other bodies, to provide for annual reporting by departments and statutory authorities, to authorise and regulate the investment of certain public moneys, to provide for the office and functions of the Auditor General, to repeal the Audit Act 1904 and to make provision for related or incidental purposes."

To a certain extent the statutory authorities, which are responsible to a Minister and to the Parliament of Western Australia, have ignored their responsibilities when investing public funds. The report states -

The Commission is of the opinion that there is a fundamental difference between the ideas of accountability and of public scrutiny when applied to the investment activities of individuals, partnerships and companies incorporated under the Companies Code on the one hand, and the investment activities of government agencies on the other.

During the debate last night it was clear from what the Leader of the House said in relation to the Companies Code that there are two standards - one for the private sector and one for the Government. The standard for the Government should be twice as hard and twice as conservative as standards applying to private companies. Last night in this House I asked the Leader of the House whether he would consider entering a joint venture with a well known solicitor and whether he would consider guaranteeing 100 per cent of the equity of the other partner. He did not give me an answer, but I know he would not be party to a deal like that.

The Leader of the House said that the Government is different and that it becomes involved in deals to help them get off the ground. The Government is taking a huge risk. Not one member of the Cabinet has his job on the line and his money is not at risk. If the Ministers

were directors of public companies and made some of the decisions which the Government has made over the last 12 months they would be investigated by the National Companies and Securities Commission. If it were found that their company was in difficulty because of the bad decisions made by them, the board members, they might be fined and might even go to gaol. If they made a mistake they would pay for it. If a lawyer, chartered accountant or an architect makes a professional mistake he will pay dearly for that mistake. Under the Westminster system of Parliament Ministers cannot be sacked from their jobs and they cannot lose financially if they make a dreadful mistake. Before the recent Labor Governments, a Minister would resign if a bad mistake were made by one of his authorities or departments. It is a thing of the past; that sort of accountability no longer stands. However, if the same thing occurred in the private sector the people would be charged for misuse of public company moneys.

The Burt Commission on Accountability refers to approximately 600 statutory authorities, many of which do not have much money at stake. However, the public have no say in the moneys that have been invested by the Government for them. The public have a choice whether they want to invest their own money in deposits or shares in a public corporation. The taxpayers have no control over the public purse.

On 29 July last year we were given a fait accompli by this Government when we learnt that as part of the Government's rescue of Rothwells it would contribute \$175 million to the Petrochemical Industries Co Ltd project. It was recycled back to Rothwells as part of the rescue. In the private sector the person who contributes the money would have a say in how and where it would be used. In this case the taxpayers, through the Parliament, had no say in \$175 million being recycled into Rothwells. It is the same as recycling bottles - it went in, was crushed up and we never saw it again.

The Bond money was recycled. An amount of \$225 million was contributed to the project, but it was withdrawn and many of his loans were repaid from different companies. His contribution went in as money and came out as money, but the Government's contribution went in as money, was crushed up and \$150 million was lost in the form of a National Australia Bank overdraft.

The public purse must be looked after in the same way as a person looks after his own money. The Government must be accountable for the way in which it spends public money. Currently the taxpayers have no say in how the money should be spent.

It amazes me that since the Burt Commission on Accountability the Government, under the guise of accountability, has introduced certain new legislation. It is of the opinion that it has done what it said it would do, but now WA Government Holdings Ltd will borrow \$100 million which it will lend to the petrochemical project. The other partner, who owns 56 per cent of the project, has not contributed any funds to the project - the Government is contributing the entire sum. Is that what the Government considers is accountability? Is that what the Government means when it talks about being responsible for the public purse?

As I mentioned earlier today, I am worried about the actions of the Minister who, I believe, is an astute businessman. He must understand the ramifications of this project. The report of the Burt Commission on Accountability states -

Those who participate in business ventures as sole traders, partners or shareholders in companies do so voluntarily. It is their capital which they are putting at risk.

By contrast, government has the power to compulsorily acquire financial resources and uses this power to tax members of the community. Except where the revenue streams have been otherwise appropriated by the legislature, the taxes and charges are required to be paid into and form one Consolidated Revenue Fund.

Under the Westminster system of parliamentary control of the "public purse", Parliament's authority is required for the imposition of taxes and charges and for borrowings. Parliamentary appropriation is required for expenditure purposes. Policy is the province of the elected government, accountable to the Parliament and the electorate for its actions. The Executive is responsible for the raising and expenditure of moneys in compliance with Parliament's approvals. Government agencies are, in turn, responsible to their Ministers. The executive, departments and statutory authorities have limited rights to act independently.

That is what it is all about. Even last night we were dealing with legislation which was once again giving a statutory authority, with a board of eight members, a considerable amount of power to expend money from the public purse. The taxpayers have no say in it. The Government could not appropriate \$175 million for expenditure in the petrochemical project - the Parliament would have to appropriate that money. The Government could not approve the allocation of \$100 million to the petrochemical project, the Parliament would have to give that approval. But it could be done through a statutory authority; it could borrow \$175 million from the State Government Insurance Commission to buy the blue sky and another \$100 million from commercial operations. That means \$275 million has been appropriated by a statutory authority; but if anything goes wrong with the project, the taxpayers will foot the Bill. The Westminster system of coming to Parliament for an appropriation of funds has been avoided.

I refer now to the Western Australian Development Corporation and Exim legislation, under which each of those bodies could borrow eight times their capital without any reference to Parliament, the Treasurer, or the Minister in charge. In other words, if WADC had \$40 million capital, it could raise loans of \$320 million and make investments where and how it liked. If those investments went wrong, the taxpayers would pick up the bill. We are today considering accountability of the public purse that has been avoided through statutory authorities; only Parliament should have the authority to decide where money is allocated. Such matters should be debated, and although the Opposition may not win those debates, the public should be made aware of why the Government wants to spend money on certain operations. No authority should have the ability to borrow money and invest it where it wishes with or without the direction of the Parliament.

The Burt commission report specifically enumerates the different corporations that should be looked into and the problems of which it has become aware. In particular, it challenges the ability of WADC to manage the funds of the State. The report states that under its legislation WADC has the power to invest only its own funds; it does not have the power to invest the funds of other bodies. Obviously, a couple of legal opinions were sought as to how these restrictions could be circumvented. Some creative accounting took place and it was decided that the problem could be resolved if the Government gave loans to WADC which could then treat that money as though it were its own. A fee was charged each month for these transactions. This must have been done with the knowledge of the Premier and the Treasurer at the time who had regular contact with John Horgan and made Government funds available to WADC. In 1985-86 the assets and liabilities of WADC were not large, but in 1986-87 the assets were valued at hundreds of millions of dollars and liabilities were a similar amount. In fact, those liabilities were Government funds loaned to WADC, on-loaned to the market. The accounting procedure was changed to make use of this loophole, because legally it could not operate in the way it was. The Treasury Department was probably delighted to have the opportunity of contributing to this report, advising the Treasurer and the Premier of the things that had been happening that it believed should not have been.

In 1984, as President of the WA Chamber of Commerce and Industry, I was invited to John Horgan's office to discuss the setting up of FundsCorp. An explanation was given of future plans, and we were told that the Premier had been convinced that WADC could do a better job of managing the public purse. Mr Horgan had suggested that WADC would operate so well that all statutory authorities would ask it to run their funds for them. In the first place it took Treasury money and invested it. It set up a special team, including computer personnel, and said it would do a good job. The Vice President of the WA Chamber of Commerce and Industry at the time was the State manager of a bank, and he advised that almost all bankers in Perth believed that the Treasurer was doing a very good job managing Government money. They did not believe another body was necessary or that it could do a better job. It has eventually emerged that the Government had to change the terms and conditions relating to WADC because it was not making the anticipated profits. It was originally planned that WADC would borrow money at the best rate of the day, work that money hard, and retain any profit made. However, it did not make that profit and the arrangement was changed to a fee for service basis; that is, it received a fee for the amount of money invested each month and paid that into its revenue. The Burt commission report made the following point on the legality of borrowing from the Treasury -

It is the Commission's view that if, contrary to the Commission's recommendation, the Corporation is to continue to invest Treasury funds, then appropriate legislative

changes should be made to remove that legal doubt.

It is saying that there could be some doubt about the legality of WADC's handling of hundreds of millions of dollars of Treasury funds during the last five years. Those comments must have been based on fairly sound advice because immediately the Treasury took back the FundsCorp money. I understand that the total funds of FundsCorp had reverted to Treasury by 1 March 1989. The report also stated -

Accordingly, the Commission recommends that the investment agreement between the Treasurer and the WADC be rescinded with the investment of Treasury funds reverting to the Treasury Department.

That recommendation was accepted by Premier and immediately put into effect. It should not have happened in the first place, but was allowed to continue for a long time because of the great credibility of the Premier of this State, John Horgan, and the Western Australian Development Corporation.

I now refer to the salary received by John Horgan for using Government money; he is paid \$300 000 a year to invest a few hundred million dollars in the market each day. Most young graduates could equally well invest money in the market at the best rate and they would not be paid that sort of salary.

When the Western Australian Exim Corporation Act was introduced in November 1986 I referred to many of the problems in the accounting of Exim with regard to cattle stations. We knew that it was losing money but in 1986, as a result of creative accounting, Exim showed a false profit of \$280 000 instead of a loss of \$4 million. The next year a change was made in auditors and accounting procedures and a new organisation incorporated all the subsidiaries. The Western Australian Exim Corporation Act was ratified under the State Trading Concerns Act, which was the correct thing to do. The Government has picked up the recommendation of the Burt commission report that Exim should be disbanded because it is not doing very well, and it is acting accordingly. A number of cattle stations in Western Australia needed to be managed properly and, although it was a nice idea originally and I commend the Government for it, I do not believe the Government should have been involved in running those stations. John Horgan was involved in those stations and he persuaded the Government that if it did not become involved the cattle stations would be broken up and would not be viable in the future. He also said that a profit could be made and reports were shown of the potential for high profitability from those stations, based on the records of their purchase price. The records indicated that the stations had been bought for \$5 million, but in fact they cost \$11 million because the Federal Government gave a grant of \$6 million towards their purchase. The Government wrote down the total cost by \$6 million, and all the calculations for the future sale of cattle were made on the basis of a cost of cattle of \$2 million, which actually cost \$8.5 million, taking into account the Federal Government grant which should not have been written off against the cost of those cattle. I felt sorry for the Premier at that stage. I believe he was conned by the Exim board. They were given credit for doing a far better job than we ever thought they could do.

The cattle stations up north are unique. A 10 year cycle is required before money is made from them. There is a long cycle because of markets and weather conditions. One cannot pick up a station and make money in the first year unless one clears the cattle off it, and then one will make no further profits. The Government was convinced by the board what a great job it was doing and how much profit it could make. As a result of this John Horgan convinced the Premier he was worth a lot of money - "We are giving you a good image. We will make all this money and if I get X per cent that is good." In the past Governments have had far better advisers who were much more successful businessmen than John Horgan and who gave their advice absolutely free. They travelled overseas with the Premier on a lot of deals. They encouraged a lot of developments to come here, such as Hamersley Iron, Mt Newman, Robe River, Shay Gap, and Goldsworthy, which all came here because of advice from men of substance who had made their mark in Perth in their own businesses.

John Horgan has not really made his mark here; it was his brother Dennis who set up Metro Industries Ltd after being taken over by Prindiville Holdings Ltd, a finance company, and he was very successful. Dennis Horgan decided that he wanted another challenge and he retired from Metro Industries and made his younger brother, John Horgan, managing director. He was not the chairman, as Dennis Horgan had been, but appeared to have a high profile and to

be a man of great substance. Brian Burke, who was not commercially orientated, having been in politics, did not realise that he was not the man who had made Metro Industries. He met John Horgan while on the football task force and was influenced by Mr Horgan to think he was an astute businessman. He brought John Horgan on board, who, since then, has lived very well at the expense of the Government while running certain operations which do not need someone of that high profile and the high salary that was paid to him.

The next body mentioned in this report is WA Government Holdings Ltd. I will not spend much time on what is, basically, the old Northern Mining Corporation NL. The report talks about how when the old company changed its name it changed from a no liability status to a limited liability status. Then, on 19 February 1985, its name was changed to WA Government Holdings Ltd and a number of reputable businessmen became directors of that company. Those directors were later replaced by a number of senior public servants and lawyers who were doing business for the Government at the time. The report states -

The management of the company is under the ultimate control of the Treasurer as, by virtue of his shareholding, he could control any resolution which might be put to a general meeting of members. The Articles of Association of the company contain an article - article 160 - by which: "No member shall be entitled to require discovery of or any information in respect of any details of the company's trading . . . if, in the opinion of the directors it would be contrary to the interests of the members to communicate such information".

That is what has caused a lot of the problems with respect to WA Government Holdings Ltd and that deed of undertaking; nobody could find out what was going on. Nobody could ask questions, not even the shareholder, even though it was the Government. The report continues -

On 17 October 1988 and, at the request of a shareholder, -

This is the Treasurer -

WAGH acquired 43.75 per cent equity in Petrochemical Industries Company Limited (PICL) following an equity valuation of the Kwinana petrochemical project . . . by the First Boston Corporation.

So here we have the shareholder with no right to tell the director how to invest the money. He never came back to the Parliament to get approval for that. The report goes on to mention the ownership of all the shares in Aboriginal Enterprises Company Ltd as follows -

WAGH has advised that it does not participate in the management of this company but elects individuals nominated by the Government as directors of the company; and -

That is a sad reflection on the directors or the Treasurer, that they could have a subsidiary company over which they had no control, because it could have cost them dearly. Aboriginal Enterprises Company Ltd has been funded by the State Government and Federal Government making grants and loans to Aboriginal people, and I am not in conflict with that. That is what it has been doing, and that is under control. No corporation should ever say it has no real control over a subsidiary. The report continues -

- ownership of all the shares in Business Services (Belgium) NV, a company incorporated under Belgian legislation. This company provides financial and commercial services to the WADT. WAGH has advised that it does not participate in the management of this company and that there are no common directors between WAGH and this company.

WADT is the Western Australian Diamond Trust. Once again, here is a wholly owned subsidiary of a Government holding over which it has no control or in which it has no interest. I mentioned before the heading "Commission's Comments and Recommendation" with respect to the fact that a guarantee had been given to the company by the Government. The report continues under that heading -

This guarantee is said to be entered into by the Treasurer "pursuant to section 5(1)" of the Act so exposing Consolidated Revenue Fund to the contingent liability to pay out any moneys required by the Treasurer for fulfilling the guarantee - section 5(2)(a) of the Act.

The commission has alerted many people who did not realise that a guarantee is very important. If someone enters into a guarantee they want to be sure that at the end of the day they have the money to back it up because it can be called up one day. The Government guaranteed every debt of WA Government Holdings Ltd and guaranteed any guarantees of WA Government Holdings Ltd. That was to be enshrined in the new legislation for the petrochemical authority.

The deed of undertaking has been well debated in this House. Unfortunately, I do not seem to have made the impact I hoped I would make in relation to that matter. The sad thing is that one could enter into an undertaking about which, according to the commission, the Treasurer and the Minister could be precluded from having information. We understand that the Minister for Budget Management in this House is an important member of this Government with respect to the managing of the Government's finances and budgeting to show whether they will have funds at some future date. However, he has told us that he does not know what is in the deed of undertaking and does not know what the long term commitments are under that deed of undertaking given by the Government to WA Government Holdings Ltd.

I believe the information we tabled here the other day showed a big and ongoing commitment which was unlimited as to time and amount, yet the Minister for Budget Management stands in this House saying he knows nothing whatsoever about what is in that deed. How could any senior public servant responsible for budget management acknowledge that without saying, "My goodness, I should know that"? How could he put his name to the Budget of this State when he does not know what commitments have been entered into by this company?

There is the \$100 million that we talked about in the debate last night. It was not clear from debates in the other House that money was not borrowed by PICL but was borrowed by WA Government Holdings Ltd to on lend to PICL unsecured. It is facetious to say that there is security over land and the operation because that is worth nothing at this stage of the operation. The Minister for Budget Management is saying, "That is not my problem. That is the problem of another Minister," yet he is the Minister for Budget Management. This Minister does not have a plan prepared for any eventuality that could arise causing a drain on the Government purse as a result of these decisions.

Gold Banking Corporation gets a mention in this report. It was taken over by the WA Mint. It had a fairly chequered career as Gold Banking Corporation. Members would recall that the legislation came through, back in about May 1988. It was not previously proclaimed because the Reserve Bank required changes to be made. GoldCorp was then transferred from the Western Australian Development Corporation to the WA Mint so it traded for six months from December 1987 under the Western Australian Development Corporation and for the next six months under the WA Mint. The balance sheet of Gold Banking Corporation as at 30 June 1988 showed just a balance sheet with all the assets transferred on that day.

It is difficult to sort out what the corporation did during that period, and to distinguish between the different trading operations. It was running a money market book; it was raising funds to put onto the money market because it knew how to make a profit by playing that market. However, a lot of people thought they could do this, and we have seen the losses that they made along the way. The WA Mint marketed gold coins, under the auspices of GoldCorp and the Western Australian Development Corporation. This proved to be a good way of selling a greater quantity of gold; however, it did not result in greater profits for Western Australia because gold is gold, irrespective of the form which the product takes, and the price fluctuates on a daily basis. It would have been more profitable to buy and sell gold, rather than converting gold to gold coins, because there is a premium on their production, and the profit margin was, therefore, very low when they were sold in the retail market.

Gold Banking Corporation is now to be taken over by the R & I Bank. The Opposition questioned, at the time the Gold Banking Corporation legislation was introduced, why the corporation needed to be established. The WA Mint knew a lot about marketing gold. It has a magnificent suite of offices. It was also running a money market operation, where gold was withdrawn from the Federal Reserve, and converted to cash. It was making gold loans, yet at the time it was critical of the State bank for making such loans.

The list of directors of GoldCorp includes the South Africans with gold marketing skills. We

can only hope these directors have not been involved with the high flyers we have heard so much about, because if they have, then Gold Banking Corporation will experience some problems before it is taken on by the R & I Bank. What worries me is that the Gold Banking Corporation might be transferred to the R & I Bank prior to 30 June. This may not appear to a layman to be an important factor, but the R & I Bank completes its financial year on 31 March, so if any adverse trading losses or problems in the Gold Banking Corporation were taken on board by the R & I Bank, they would not show up in the balance sheet of the Gold Banking Corporation as at 30 June, nor in the R & I Bank balance sheet until March 1990.

We can draw a parallel with Rothwells, which prior to July 1987 had a lot of problems in its balance sheet, and was able to off-load those to other companies. We have been told that the Gold Banking Corporation will be transferred to the R & I Bank, and when this legislation comes before the House - and it probably never will, because very little of any import does - we will ask the Minister for Budget Management the same questions we asked in respect of Exim and WA Mint: "What is it that you will transfer from the Gold Banking Corporation to the R & I Bank? What will the notional balance sheet show?" We know that during the last six months the Western Australian Development Corporation lost \$1.4 million out of a turnover of \$800 million. We know that the WA Mint did not make much profit. We will not know what has been done during the past year if we have another cover up on the part of the Government by transferring the corporation to the R & I Bank. A balance sheet should be drawn up to vest in the R & I Bank the assets and liabilities of the corporation; we would then know whether the assets exceed the liabilities, or whether the liabilities exceed the assets. The Government injected \$25 million into the corporation. We will never know whether the Government made a profit from that investment. We know the Government must believe that problems will arise with the corporation, otherwise why would this high profile operation be transferred across to the R & I Bank when in November 1987 we were trying to convince the Government it should have done this in the first place?

The Premier and John Horgan said at the time that the establishment of Gold Banking Corporation would boost the gold sales of Western Australia. However, gold can be sold on any day of the week according to the market price. We knew that John Horgan was to be the chairman of the corporation; the staff hoped he would not be. A story goes around the corridors of power that John Horgan made a great fuss; he told the Premier that he had to be the chairman. However, he did not receive the salary of \$150 000 which he wanted, because the corporation said it did not pay a part time executive chairman \$150 000 a year. So his salary was determined to be \$30 000, and he was going to load the difference in salary onto the salary he was getting from one of the other Government organisations. History does not show whether that was the case, because Exim does not band the salaries to show what executives received; which is contrary to the Companies Code.

The State Government Insurance Commission is one of the big problems in this area. The First Report of the Auditor General dealt with the investment committee of that body. The Auditor General alluded to the fact that the State Government Insurance Commission had been carrying out risky investments; that the investment committee had not been functioning properly; and that no proven business deals had been carried out by the commission. He recommended tighter control; and by the time he made his report in July 1988, the SGIC - in fairness to it - had given the management of its investment portfolio to a private sector business. We must realise that the investment portfolio changed in 1986 when the legislation was amended to amalgamate into one body the Motor Vehicle Insurance Trust and the SGIC. The legislation allowed that body to invest in other than authorised trustee investments, which it had been locked into since the beginning of time. This recommendation arose from the report into Rothwells by Jack Walsh, who died while that report was being prepared.

The report said that these two bodies, which were large sources of funds, should get into these types of investments because it would be good for the State of Western Australia if they could make those moneys, and they would cease to be a drain on the public purse if they could make profits, and pay dividends to the Government. The report says -

The financial audit of the SGIC for 1987-88 was carried out on my behalf by the firm of McLaren and Stewart and upon its completion the scope of the audit was extended, at my request, to review advances made to Rothwells Ltd. and to examine the management of the Commission's investment policies. I also reviewed the SGIC's investment with Western Australian Government Holdings Ltd.

The report also said -

It is not the mandate of the Auditor General to question policy. It is for the Parliament to question the appropriateness of policy and ultimately for the electorate to make judgements. However, I have a role to examine management of policy issues and report where there are public interest issues at stake and to ensure full disclosure is made in these instances.

The Auditor General says, with regard to the State Government Insurance Commission decision to support Rothwells, that he has a number of concerns. His first concern is that the minutes of the commissioners do not adequately document the bases upon which the decisions were made. In June 1988 the SGIC had \$56 million in Rothwells. We now know it also had \$30.5 million in Spedleys. He does not mention that at this stage; it will probably be in his next report.

The Act is quite clear: An investment committee is required to make these decisions. It should be possible to follow the trail and the bases upon which it made those decisions. When we read that there were no minutes, were the directions to put the money in given by somebody?

Hon Mark Nevill: They were.

Hon MAX EVANS: We have no evidence that directions were given to put in the money. We do know a Minister directed the money be put in.

Hon Mark Nevill: There are minutes.

Hon MAX EVANS: The Auditor General's report states -

... the Commissioners do not adequately document the bases upon which the decisions were made.

Hon Mark Nevill: That is different from saying there were no minutes.

Hon MAX EVANS: Okay, there were minutes. The minutes say, "Report this." That is a minute. When one starts investing in this sort of thing, the minutes should allude to why that is done. In Spedleys, \$30.5 million, or Rothwells, the sum was \$56 million. It should be like the Minutes of Proceedings for this House; it should be possible to follow through why each decision was made, good or bad. Every decision may not be a good one, but at least one can learn from a bad decision and not make it again.

The Auditor General says -

The second concern is that such an investment, coming after the stock market crash and the rescue bid, involved a high degree of risk, notwithstanding that the Government had guaranteed a bank facility of \$150M. The initial rescue operation itself made the investment a "risk investment". In my view, funds should not be put at risk by the management of any Government agency. It is another matter if there is political will and directions are issued. If that happens then in a proper accountability process such directions should be in writing and recorded in the minutes of the agency concerned.

The Auditor General has no specific evidence that directions were given. He is obviously alluding to the fact that his inquiry showed that things were not right.

His third concern is that Rothwells was by definition an authorised trustee investment pursuant to part III of the Trustees Act. This House must go back to this legislation. When I debated this last time we did not like the definition. The legislation increased the capital required and dividend rate. The authorised trustee investment has been misused and abused for too long. I am not quite certain of the alternative, but I know the Les McCarrey committee did try for some years to have that legislation reviewed, and I commend the Government for bringing up the report for consideration, because there were many good points. There is no register of authorised trustee investments; one does not have a nice certificate with a big red seal showing it is an authorised trustee investment, so that anyone can put money in there and feel safe. The Government does not guarantee a classification, provided a fund complies with certain criteria. Many local government authorities and charitable organisations have felt safe and comfortable investing in authorised trustee investments. After all, an Act of Parliament defines authorised trustee investments, so they

must be safe investments for their funds.

How does a fund become an authorised trustee investment? Laurie Connell, like many people around that time, went around Australia to find a company trading as a public company with more than \$2 million capital which had paid dividends for more than 15 years and was a listed public company. He found Rothwells men's store in Queensland, bought out the company, and sold the business; perhaps it went back to the family, I do not know, it is not relevant. He had the shell of a company no longer doing the business for which it was set up. He brought it here, and that is why the company is still incorporated in Queensland under the Companies Code in Queensland, but has been operating in Western Australia.

The Auditor General goes on to say there is a high degree of risk in the investment in Rothwells, notwithstanding that the Government has guaranteed a bank facility of \$150 million. We will hear a lot more of this before the debate on Rothwells is over. This is holding out on the creditability of Rothwells because the Government has guaranteed the loan. The Government stood by it. Many small investors said this; they believed it was safe because the Government was there. The brochure put out by Rothwells in April 1988 states how strong it is financially; it has all this new capital of \$150 million, Government guarantees, and \$70 million from Laurie Connell, of which \$30 million came from the sale of the David Jones site and the Perth Technical College site, and the rest was borrowed.

The Auditor General alludes to the fact that Rothwells looked good but nobody, particularly a Government body, should be investing in such an operation. This report was dated about the second week in January 1989. It came out a few days before the report of the Commission on Accountability. The Auditor General's views and thoughts were given on the SGIC. He talks about the investment policies of the SGIC. A lot of this comes about as a result of the investment policy of the Government. Being the public purse, if anything goes wrong the public will have to pick up the tab.

The State Government Insurance Commission at the present time has the following non-performing debts, and they are earning no income at all: It has \$91 million in Rothwells, which is at present in liquidation; it has \$30 million in Spedleys, at present in liquidation; it has the balance owing from the sale of Westralia Square and the Perth Technical College site of \$130 million, interest free, worth \$65 million, due on 31 December 1989; it has \$65 million due on 31 December 1990; it has an investment in the Bell Group Ltd shares - 64 million shares at \$2.50 - \$160 million. It has \$411 million earning nothing. If the SGIC has any borrowings, say at 15 per cent - it might be lucky as a Government instrumentality - it is losing \$60 million per annum, or over \$1 million a week. If it were not borrowing money it could have had this money invested and earning 16 per cent or 17 per cent, which would be about \$68 million a year, well over \$1 million a week.

The Commission on Accountability refers to this problem, and so does the Auditor General, who was not happy with the investment of \$175 million in WA Government Holdings Ltd. The Commission on Accountability looked into that but had to accept it because the Government had instructed WAGH to put the money into the investment and the SGIC had obviously been instructed to lend \$175 million at 13.9 percent to WAGH.

The point I am making is that WA Government Holdings Ltd borrowed \$175 million from the SGIC, but as far as the taxpayer and the public purse are concerned, the public purse will pay interest on that. An investment of \$175 million in those shares will earn nothing for a long time. The only funds to pay interest will come from a grant or gift from the Government of Western Australia, not from the petrochemical authority.

The logic of the answers of the Leader of the House and the Treasurer to this question is hard to understand. It is hard to believe that they can accept the criteria for this loan - this gift - on the basis that the State Energy Commission paid a levy to the Western Australian Government last year of \$28.5 million, three per cent of gross turnover, and the Government for some years has been granting a large part of this back to the State Energy Commission to help it with the shortfall on its losses on foreign borrowings. Both the Treasurer and the Leader of the House said, "We will change that. Instead of making a grant to the State Energy Commission to reduce its loss and enable it to make a small profit, we will grant, or gift, this money to WA Government Holdings Ltd to pay the interest to the State Government Insurance Commission because we believe that down the line Petrochemical Industries Co Ltd will be of great benefit to the State Energy Commission for the sale of electricity and gas." However, we cannot get an answer anywhere, even from the Leader of the House, as to

whether these contracts are beneficial to the SEC, or whether they are too beneficial to PICL. After all, what they are saying is that the SEC will forgo these grants to pay for or invest in a loan which will be beneficial to it; but I believe it might be detrimental and incur a loss to the SEC. That is not the way to do business. In the private sector if a company consolidated all of the balance sheets and accounts that would be contra-ed out. There would be no effective transfer of funds with interest, because it is not true interest, it is a gift.

Finally, the SGIC has poor performing debts. The first one is non-performing because it is returning absolutely no income at all to the SGIC - that is the debts of \$411 million. There is \$175 million depending on a grant by the Government, and now \$140 million of poor performing debts. These are Bell Group convertible notes which I talked about at the beginning of my speech. The SGIC took \$160 million in shares and \$140 million in Bell Group convertible notes. It paid \$140 million plus interest, but the face value is \$75 million at 11 per cent, and another \$75 million at 10 per cent. That in itself does not look too bad, but in a reply by the Treasurer in another place when answering a question about the 11 per cent guaranteed convertible subordinated bonds maturing in 1995, he said that the only interest received was on 9 July 1988, \$8.25 million, which included accrued interest at purchase date of 28 July 1988 of \$5.22 million, and the 10 per cent guaranteed convertible subordinated bonds had interest payments scheduled on 7 May 1989 for \$7.5 million. This will include accrued interest at purchase date of 28 July 1988 of \$1.685 million.

I want to put this in perspective. The reason I highlight the accrued interest is that the Government paid that interest - it paid \$140 million plus accrued interest. So the SGIC has got back the interest it prepaid on 28 July last year; all the Government has actually received to date is \$3 million on 11 per cent bonds - \$3 million net. The SGIC has had \$140 million from 28 July last year and up until now it has earned only \$3 million cash, because interest on the other investments will not be received until 7 May. They will net about \$6 million cash. When that interest comes in, it will give a return of about 6.3 per cent on the funds for a period of 12 months. That is a very serious position. The SGIC has got up to \$725 million not earning very much money because of these high profile investments which were perceived to be so good for the Government and the taxpayers of Western Australia.

"So what?" the Government might say. "What is the \$725 million relative to?" It is relative to the fact that the initial total capital of the SGIC on merging with the Motor Vehicle Insurance Trust was only \$28 million on 1 January 1987. They started off only two years ago with a capital base of \$28 million. They made profits in the first six months of \$2.36 million, which is about \$5 million in a full year. That would be a good return on \$28 million in the insurance business. They revalued assets, being building and fixed term investments that were revalued up because of low interest rates, which gave them a capital of \$60 million at 30 June 1987.

In 1988 the capital structure changed. There was a surplus of \$83.8 million, and a revaluation of \$39.8 million which gave a balance of accumulated funds of \$184 million, so the total capital now of the SGIC is \$184 million. We must realise that, of that, \$70 million has just come from revaluation of assets. No money has been created. Nothing has come in at all - there has been no influx of money. So it has funds of \$184 million, and these investments are at risk. They represent possible losses to the Government. When we look at them in relation to that capital, there is \$140 million worth of convertible notes, and I read an article recently saying they were returning about 19 per cent in Europe, which means they will be discounted down by about 50 per cent. I understand there was a write-off last year of \$15 million, from \$140 million down to \$125 million. I believe \$50 million will be written off that investment this year.

Another point I want to bring to the attention of the House, just to bring this into perspective, is the profit of \$137 million in August last year which I mentioned before. At the time it was announced with a fanfare of trumpets; it was said that this entrepreneurial Government and the SGIC's new board were doing great things. The annual accounts are quite clear about this. They mention the improved performance of the SGIC, from a \$2 million profit in the first six months to a \$112 million profit for the first full year, and say it is, and I quote -

... in part attributable to the introduction of the net present value method for calculating the outstanding claims in the Third Party Insurance and Employer's Indemnity Insurance which resulted in savings against provisions of \$48 million.

In other words, it is a journal entry. On previous basic accounting the provision for claims would be \$48 million more, but this has been brought in as profit. If that journal entry were reduced - and that cannot be done each year - \$48 million from \$112 million gives a \$64 million real profit. Those people who prepared the accounts - and I commend them for the information they are giving to us - said -

The sale of some properties purchased together with revaluations on the remaining properties contributed \$50.4 million for the year net of financing costs.

A further comment states -

In respect to BHP Ltd shareholding, profits to 30 June 1988 were \$21.7 million (net of financing costs) including some trading in options.

That comes to \$72 million in those one-off operations. If we deduct this from the \$64 million real profit I mentioned, we get back to a net loss in the insurance business of \$8 million, and that is serious because a company will not keep making one-off profits. Perhaps the SGIC is trying; I do not know. The market has made it difficult for it, as interest rates are very high. Why would the SGIC have received such a poor return on its insurance business? It is primarily because insurance companies make most of their money by investing their prepaid premiums - that is why they have a lot of money on hand. Premiums are paid in one month, the insurance companies have the money for 12 months, and the claims might come in two or three years later.

All insurance companies rely on the investment of premium income and accrual provisions they have for claims, which is very high and is something like \$600 million in third party insurance. If they invest that money unwisely and if they do not have immediate cash flow return on that money, they will have problems in the future. As I said earlier, this is what is reflected in these figures. The SGIC paid out \$500 million to buy the Holmes a Court properties and BHP shares. The properties were not sold until 30 June, and then on terms. It received only \$65 million down and \$130 million was still left free of interest. The BHP shares were sold during the year; some of them were held over to the end of the year. Interest on those shares was at 15 per cent, returning five per cent, so it was losing 10 per cent of its investment of \$500 million, or \$1 million a week until it got rid of those debts. The BHP shares would have been sold during the year; they made \$21.7 million net of the financing cost. That is what it is saying is the interest factor. The properties brought in only \$50 million, so there is a great contribution to revenue because the SGIC had to borrow \$500 million to do these deals.

The Government Employees Superannuation Board is also part of that Westralia Square deal. The GESB still has \$50 million owing interest free for two and a half years, which will affect the interest of that body. I am surprised that the Auditor General did not say more about some of those investment policies. He alluded only to Rothwells, but he should have had more to say, I believe, about the property deals and sales to Packer and Anderson, on the rental guarantees given, of \$64 million over five years - in other words, the guarantee to occupy space or find tenants of up to \$64 million. In accepting this, the Auditor had the SGIC make a deferred liability of \$6.4 million as a starter to cover that loss. That amount was material when compared with the first six months of trading, when it made a \$2.3 million profit. It is quite relevant; it was normal trading under normal conditions. If we look at the whole deal, which has now been changed around - this emerged some months ago immediately after the election - the SGIC and the State Superannuation Board seem to be buying back into the Westralia Square property on the basis of what they refer to as an interest-free loan of \$55 million to Warren Anderson on 31 December, and that that loan would be expunged on the sale of part of the property back to the SGIC and the State Superannuation Board; 70 per cent to the SGIC and 30 per cent to the Superannuation Board.

It is all funny money deals. We have this money circulating around. The Commission on Accountability said the Government should not be doing these deals because this is money from the public purse. It has all been done and we are told it was done with great intentions to make a lot of money. I think the SGIC made a dividend of \$28 million this financial year; I am certain that there will be no such dividend next year. I think there must be serious financial pressure on the SGIC to have funds of \$725 million - the total the SGIC invested is about \$1200 million, and two-thirds of that is poor performing or low performing when an insurance company should be receiving maximum return on investments. I believe that this

will require another major revaluation of properties this year. Last year the SGIC had an increase in the valuation of investment portfolios of \$43 million. A lot of that refers to fixed term investments. That revaluation up last year of \$43 million could quite likely be a valuation down this year because interest rates are now running at 16 per cent or 17 per cent, or overdraft rates at 19.25 per cent. That is big money with big risks for such a body. It is not like any other statutory authority; it is not like the Western Australian Development Corporation, Exim or Gold Bank; it is like the State Energy Commission and the Water Authority. If it makes big losses, those losses can be recovered in only two ways: Firstly, a charge on the taxpayers, on the public or, secondly, by having money put in by the Government to support it. This is what must happen in the end because it must have that money there or it will make real losses.

Back in 1982 Brian Burke referred to the Motor Vehicle Insurance Trust as making no money at all because it had a deficit. However it had huge reserves on one side against provision for claims of about \$450 million, and cash and investments on the other side; there were no worries and no risk. However it is a different ball game now; if it does not make real profits, one will then have to refer to - as I might do after lunch - the matter of the worries the Insurance Council of Australia has in respect of insurance companies such as this.

Sitting suspended from 12.45 to 2.30 pm

Hon MAX EVANS: Prior to the luncheon suspension I was discussing the State Government Insurance Commission and the investment policies of that body together with the financial implications which could affect the Government by the non payment of a dividend next year - and may involve the calling on of Government funds. As pointed out previously, the main reason for the introduction of the accountability Bill was as a result of the activities of the State Government Insurance Commission last May when it invested \$300 million in Bell Group shares.

I refer now to the 64 million shares in Bell Group at \$2.50 amounting to \$160 million. To stop the investigation by the National Companies and Securities Commission into the deals or possible collusion between the SGIC and Bond Corporation, the corporation made a takeover bid for the public shares. To expand on that, a deal was done by SGIC, the National Companies and Securities Commission and Bond Corporation that the SGIC would not sell its shares before 6 October 1988 - which allowed the Bond Corporation the time to take up the public shares. The agreement was that if that did not occur, and it subsequently sold the shares at a loss, the Bond Corporation would indemnify against any loss up to \$2.70 - and the shares had been bought at \$2.50. That represents a margin of 20¢ per share, which is small profit, plus interest at 12 per cent for any loss. I am not certain whether this is based on the full \$2.70 or the loss factor on which the Government would be indemnified.

To put this into perspective, at one stage last year the shares were selling at \$1.70 - which means the SGIC could have sold the shares for \$1.70, and the Bond Corporation would pay \$1 per share sold with interest at 12 per cent per annum. Even at that stage the interest was costing the SGIC more than 12 per cent. The agreement was that the indemnity would take place from 6 October to 6 April 1989 and the Government was to sell its shares and have them indemnified against losses by Bond Corporation.

The Liberal Party put the Government under pressure through the media to do something about those shares. We believe a dereliction of duty has taken place in the SGIC because it should have put at least 10 million or 20 million of the 64 million shares on the market to test the integrity of Bond Corporation to pick up the loss. That was not done.

We find that on 9 March, in answer to a question in the other place, that the Government and the SGIC entered into a deed of variation with Bond Corporation in which they paid a fee of \$3 million to SGIC. When we think of the magnitude of the problem we are discussing, \$3 million might seem small. The answer received was that no payment had yet been made on the holding costs. However, the Government had not received a single cent -

The PRESIDENT: Order! There is far too much audible conversation being carried on; I want it to cease.

Hon MAX EVANS: The comment made by the Treasurer was that no payment had been received on holding costs from the Bond Corporation, which means the SGIC had

\$160 million earning no revenue from May 1988 to October 1989. The answer received reads in part -

... (b) ... the agreement is that any shortfall of price at \$2.70 per share, and interest, will be paid upon demand and following a sale on and after 1 October 1989, and on or prior to 1 May 1990 either in whole or part of such shareholding sold during the indemnity period.

That means SGIC is precluded from selling the 64 million shares costing \$160 million prior to 1 October 1989 and then it has until 1 May 1990 to sell them; that is, another six months during which that amount is not earning income. We understand from media releases - not that answer - that the interest rate rose from 12 per cent to 14 per cent. The short term money rate at the moment is about 17 per cent, so the Government is losing large sums of money on this investment which can only impact on the premium rates of SGIC, compulsory third party rates, or be indemnified by the Government's picking up the shortfall.

The answer continues -

(c) The terms of the Trust Deed on the issue of the unlisted Convertible Subordinated Bonds by the Bell Group Ltd and Bell Group Finance Pty Ltd was for interest being payable annually.

I have commented on that before, and only one interest cheque of \$3 million net after accrual has been received on the 11 per cent bonds; no interest has been received on the other amount. So the Government has had an amount of \$300 million since May 1988 - and it is now nearly May 1989 - on which the return received in cash flow is \$3 million on convertible subordinated bonds of 11 per cent. A further \$6 million net after accrued amount will be received on 17 May 1989 on the other bonds. For an institution to be in this position is a most serious matter. I am surprised that the Burt Commission on Accountability did not project its thoughts further on the impact of this on the SGIC.

The Insurance Council of Australia Ltd has been concerned about the SGIC's prudential standards, and has referred the matter to the Public Accounts and Expenditure Review Committee. An ICA letter dated 27 January 1989 contains the following -

The Board of Directors of the State Government Insurance Corporation pursuant to Section 33(1)(b) of the State Government Insurance Commission Act, is required to -

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

And further on -

The solvency requirements for the general insurance operations of a body corporate which is incorporated in Australia are prescribed in Section 29 of the Commonwealth Insurance Act 1973 -

"a condition that the value of its assets shall at all times exceed the amount of its liabilities by not less than -

(i) \$1,000,000; or

(ii) 20% of its premium income during its last preceding financial year,

whichever is the greater."

The point I make is that two insurance areas are affected - compulsory third party, and general insurance. These ratios do not relate to the commission but do relate to the corporation, which is involved with general insurance.

The letter goes on to say -

The corporation has supplied the Committee with the "assets" figure as reduced by items excluded by statute and interpretation of the "premium income" of the general insurance operations, separate from the tabled financial statements. These terms are defined in sections 32 and 33 of the Insurance Act 1973.

The figures as stated in the report are: General insurance assets \$170 173 000; liabilities

\$140 887 000; net assets \$29 286 000; premium income \$142 244 000; and net asset as a proportion of premium income is 20.59 per cent. The letter then proceeds to state the following -

For the Corporation's general insurance operations 20% of premium income is greater than \$1 000 000 so under Section 29 of the Commonwealth Insurance Act the net assets of the Corporation must exceed a sum equal to 20% of premium income. This ratio is in fact 20.59% and therefore this solvency ratio requirements is being met.

The State Government Insurance Commission has rules and regulations with a very fine tolerance in respect of that requirement. We do not know what it is from one year to the next as it cannot be interpreted from the accounts. We ask that the Treasurer, who is responsible for it, take a closer look at the position. My final words on the SGIC are fairly pertinent because the board comprises the chairman, Mr W. Rees, an outside appointment; the deputy chairman, Mr K.J. Edwards, a public servant; Mr F.A. Saville, also an outside appointment; Mr R.G. Bowe, a commissioner who is the State Government's Under Treasurer; Mr R.F. Boylen, a retired State Under Treasurer; and Mr Frank Michell, the managing director. During that period Mr Lloyd and Mr Rolston retired from the board. Four out of the six directors are public servants. I do believe that one should have a statutory authority that is independent and able to operate without fear or favour of ministerial direction. It is necessary to have a majority of the board members with a degree of independence. There may be times when they want to override a Minister because they must protect the interest of the assets for which they are responsible.

Another interesting point that ties into this matter relates to one of the directors of WA Government Holdings Ltd, Mr J. McKee, who is from the Department of Resource Development and is Chairman of the State Energy Commission. I have never been able to understand why more criticism has not been made of the fact that a public servant, and not a very senior public servant, is the Chairman of the State Energy Commission. An independent person should always be in this position. I concede that prior to this appointment Mr Bruce Kirkwood was the chairman, and I do not think that that was a good decision either. I believe that an outside person should make the executive directors accountable, and should not be a public servant. What is worse is that a public servant from another department is placed as the head of a body as huge as the State Energy Commission. Let us be honest about this; could the chairman fight the Government on issues and can he take them to task and stand up and be counted to reject a decision when his salary and employment is dependent upon the Government?

The SGIC has four Government servants among its six directors on the board, although one is a recently retired Government servant. This matter needs to be looked at closely in the future because independence is the proper situation. In this regard I recognise that the Western Australian Development Corporation and Exim had directors who were at arm's length from the Government, although collusion between the chairman of the directors, Mr John Horgan, and the Premier resulted in deals taking place to enhance the performance of the operation.

The Auditor General made comments on the minutes of the investment committee of the State Government Insurance Commission. For the record, I will state who was on that committee. The Chairman was Wyvern Rees, the Deputy Chairman was Kevin Edwards, Mr Seville was a commissioner, Mr Frank Michell was the managing director and Mr M.W. Lowry was the director of finance. These were the people who were making the decisions for which the Auditor General expressed a need for some scrutiny. The State Government Insurance Commission has now placed its investments and supervision and control through another professional investment adviser.

Mr President, the Liberal Party has tabled a number of amendments which are necessary to really enshrine what the Commission on Accountability wanted. We believe that there was a rush to put legislation through relating to the minor things; I refer to the definition of "subsidiary bodies" and the rules relating to Ministers directing the tabling of the annual accounts of certain statutory authorities. The Opposition's amendment talks about greater control with no secrecy in contracts such as came up in the debate last night on the SECWA coal deal. Even then the Leader of the House could not confirm the questions that I asked in

relation to the petrochemical authority. He said that there was no secrecy and that it was out in the open. I asked whether this meant that we would find out more about the deed of undertakings, and he said, "No, I do not think it does. I believe that it must be coming out as the Auditor General needs the information because he will qualify the accounts of the bodies regarding long term contingent liabilities. He needs to qualify as to the time and the amount of money."

The Treasurer may give guarantees, but the Opposition has brought in amendments that were discussed in the other House in the last session of Parliament. The Burt commission says that we must have greater control over the guarantees made by the Government. Reference was made in a number of speeches the other day to previous Government guarantees such as to Bunbury Foods Pty Ltd, which was for only \$4 million; it was a small amount in relation to the Government's Budget.

Hon Kay Hallahan: Fair enough, but you cannot just skirt over Bunbury Foods and not mention the secrecy aspects.

Hon MAX EVANS: It is listed in the Treasurer's accounts. What I am saying is that the guarantee was for a small amount in relation to the income of the Government or to the surpluses of the Government, with income over expenditure.

Hon Kay Hallahan: Secrecy and commercial confidentiality were issues in that matter.

Hon MAX EVANS: I am talking about the Treasurer's giving guarantees. There can be a secrecy provision necessary for commercial confidentiality, which was discussed earlier.

The guarantees given by the Treasurer must be under tighter control. I am not certain how it could be done to the last dollar and cent because Executive Government must be able to operate on small term guarantees; but, it is a different situation for large guarantees. For example, the Government gave a guarantee to Rothwells of \$150 million. There was no legislation on that deal; the Treasurer signed the guarantee and it became a commitment. The Government gave a guarantee to the Teachers Credit Society that was referred to as a media release guarantee and that is why the R & I Bank, through David Fischer, locked the Government in by publishing the media release. It did that so everybody knew that the R & I Bank was protected through the media release. For the Government to guarantee \$125 million - and we do not know whether it was more than that - at that time was completely irresponsible. This is a warning to everybody here not to give similar guarantees to friends, foes or family because the consequences could be very serious.

Another matter of concern is a guarantee by a statutory body to a subsidiary body such as the situation with WA Government Holdings Ltd being locked in to a deal with the Treasury with the Northern Mining NL legislation. The legislation under consideration will apply to subsidiary bodies, and I will ask the Minister handling this legislation to give me more information about the subsidiary bodies, whether it applies to every department. The definition does not make it clear to whom it applies. For that reason the Opposition is of the opinion that the provisions of the Financial Administration and Audit Act must apply to subsidiary bodies in the same way as they apply to departments, statutory authorities and Government agencies.

The Opposition is of the opinion that the provisions for the tabling of directions are not adequate. Directions must be tabled in such a way as to allow earlier public comment. As I said earlier today the Standing Committee on Government Agencies recommended that the tabling of directions must be made within seven days of a certain date. The Opposition suggests, in its amendments, that the directions should be tabled within seven days of 1 January and 1 July each year. This will allow the Parliament to review the situation and it will not have to wait until the annual reports of the various bodies are tabled. Frequently annual reports are not tabled until six or eight months after the end of the financial year. In some cases the annual reports are tabled very late, especially when organisations are experiencing difficulties, and I instance the South West Development Authority.

Ministerial directions should be given further consideration in respect of materiality. In my profession of chartered accountancy materiality is very important. For example, \$100 000 can be a large sum of money to a small business, but \$100 million to BHP would not have the same degree of materiality. I will suggest, at a later stage in this debate, how materiality could be dealt with. If there is no definition of "materiality" Government departments could

grind to a halt awaiting written directions.

The Opposition proposes an amendment to the clause dealing with the winding up provisions under the Companies Code in relation to the Western Australian Development Corporation. The amendment will tighten up the provisions of the Bill. I cannot see any problems in relation to WADC because it will have a surplus of funds, but Exim Corporation Ltd may suffer a loss, to be supplemented by the Government.

The Opposition believes that the following should form part of a preamble to this legislation -

The principle of accountability to Parliament and the electors is fundamental to the system of Government in Western Australia.

The obligation of a Government agency to account to Parliament both as to the ends to which the public moneys are expended and the means by which they are expended is a legal obligation.

Each agency of the Crown must be under the overall political responsibility of a Minister of the Crown who, so as to enable him to discharge that responsibility for all acts of the agency, has authority to control the agency's decisions and oversee its procedures with unrestricted access to the records of the agency and authority to call for explanations.

The responsible Minister owes a political duty to Parliament to answer proper parliamentary questions which relate to the information which the Minister has or which the Minister has the authority to obtain.

The attainment of these aims is dependant upon the proper operation of the parliamentary system and upon the proper use of parliamentary questions in particular.

These principles have always been the basis of the Western Australian system of Government but have of late failed to be properly observed.

Hon Graham Edwards: Rubbish!

Hon P.G. Pental: It is not rubbish at all.

Hon Graham Edwards: You have been on that side for so long you have forgotten how Government is run. It will be a long time before you find out.

Several members interjected.

Hon P.G. Pental: If you have been so accountable, why do we need this legislation?

Hon MAX EVANS: To continue -

In order to secure in part the proper observance of those principles and mindful of the need for further legislation to overcome these failures and preserving to the Parliament all its rights and privileges which it has enjoyed heretofore in this or any other respect the Parliament enacts as follows.

The Opposition believes those words should be enshrined in the Financial Administration and Audit Act, although it is not making a recommendation along those lines at this stage. It really deals with the meaning of the Act rather than the letter of the law.

Certain recommendations contained in the report of the Burt Commission on Accountability should be the subject of amendments to the Financial Administration and Audit Act, but they have not been considered in this legislation. I will discuss this matter at the third reading stage of the Bill.

The Opposition supports the legislation which has been brought forward by the Government and is based on a few recommendations of the Burt Commission on Accountability. More recommendations should be adopted in order to tighten up some of the controls of this Government and the Opposition will discuss them at a later stage in this debate.

HON J.N. CALDWELL (South) [2.56 pm]: I support this Bill. I recognise that the Government has only gone part of the way towards implementing some of the recommendations of the report of the Burt Commission on Accountability. The National Party can see an advantage in the requirement of greater accountability by the Government to the Parliament in relation to taxpayers' money. One of the main concerns of the public is the

way in which the Government expends taxpayers' funds. It is only right and proper that taxpayers know exactly how the Government spends their money.

I ask the Minister to explain why it states in the legislation that the Minister shall make application, in writing, for funds which are required. I do not know whether she can answer the question - it was not answered properly in the other place.

Hon Kay Hallahan: Do you mean to give directions in writing?

Hon J.N. CALDWELL: Yes. That sort of accountability is occurring now and it is important. I ask the Minister whether it is a requirement of only one Minister - perhaps the Treasurer - or is it a requirement of every Minister?

Hon Kay Hallahan: It is a general requirement.

Hon J.N. CALDWELL: The Government has stated that it will wind up Exim Corporation Ltd and Western Australian Development Corporation. I find it rather strange because these two arms of Government will have to be replaced by something else and I am not sure whether that "something else" will allow for the continuation of the functions of those organisations. I ask the Minister what will actually take their place.

I am aware that some of the Government authorities have been making a profit. I was pleased to read that the R & I Bank will take over the functions undertaken by GoldCorp. It probably will cause a considerable number of problems. I wonder what will happen to the other authorities.

It has been difficult for the National Party to assess the precise value of this accountability Bill mainly because it has been brought to the Parliament with considerable haste. I suspect the reason for that is because of public demand and that Opposition parties have been hounding the Government about accountability for some time. However, the legislation has been brought on with such haste that members have not had very much time in which to study it. I am sure that at some time in the future there will be a number of amendments to the legislation because it will be found wanting.

With reference to the word "accountability", I suppose all members in this place were elected because the public perceived them as being accountable. I wonder how the public interpret the word "accountable"; they probably think we are honest and have enough integrity to look after their affairs. They place their trust in us to manage their funds and to place it in appropriate areas. Unfortunately, when some big corporations and big businessmen become extremely wealthy they often become rather bigheaded and do some very strange things with vast amounts of money. This has happened to various business people in this State and, of course, they invariably come unstuck. I fear that this may possibly be happening to the Government of Western Australia. It has not come unstuck, but it is certainly in a sticky situation. I hope that this Bill will go some way towards making the Government more accountable to the people. The public are seeking that accountability, and for that reason the National Party supports the Bill.

HON N.F. MOORE (Lower North) [3.02 pm]: I indicate my support for this Bill, and suggest it is one of the small mercies we are occasionally accustomed to in this House. It is a pity that the Government only discovered the word "accountable" when a smell started to emanate from the business activities of the Government, especially in November last year.

Hon Kay Hallahan: The Financial Administration and Audit Act is our Bill. The Government introduced it.

Hon N.F. MOORE: I am talking about the Acts Amendment (Accountability) Bill and not the Financial Administration and Audit Act. As Hon Max Evans pointed out, on 7 November last year the Government found it necessary to announce the formation of a Commission on Accountability. Obviously it was a political stunt to divert the smell elsewhere and to create the impression that the Government was concerned about what was going on. In retrospect, in view of the election result, the Government's move was very clever and, in fact, probably disguised a fair amount of what was going on. The events in the last couple of days in the disclosure of the National Companies and Securities Commission's report by various newspapers indicate that the smell has not gone away at all and that the underlying cause is still present.

The DEPUTY PRESIDENT (Hon John Williams): Order! Prior to Hon John Caldwell's

speech, the President asked that there be no more audible conversations in the Chamber. At the moment six conversations are taking place in the Chamber, which is not fair to the member on his feet who does not have the most robust of voices.

Hon N.F. MOORE: I can develop it very quickly, if necessary. It is gratifying to a certain extent that the Government is introducing legislation to put into effect some of the recommendations of the accountability commission. I point out to the House that in 1985 a committee of this House brought down the sixth report of the Standing Committee on Government Agencies entitled "A Framework of Accountability for Government Agencies". That report was commenced by the Standing Committee following a motion moved by Hon Joe Berinson in 1982 when he was a member of the Opposition. The unanimous decision was made by the committee that there was a need to develop a framework of accountability for Government agencies. An inquiry was undertaken which took a long time to complete because of the complexity of the subject. Several members from both sides of the House were party to the deliberations and final delivery of that report. Members such as Hon Bob Hetherington were very heavily involved in the writing of the report and the editorial work. Hon Kay Hallahan, now a Minister, was also a member of the committee when the report was presented to the House. A bipartisan approach was made to accountability and the sixth report of the committee was delivered to this House in June 1985. I want to quote from that report which was agreed to by all parties, because it is very relevant in view of the Government's decision in November 1988 to establish what accountability meant. I suggest that Opposition and Government members knew the answer to that in 1985. On page 3 of the report under the heading "Introduction" it states -

1.2 It is the Committee's view that many government agencies operate largely free from any significant form of public scrutiny. Little is known about what they do, or how or why they do it, whether they do it economically, efficiently or effectively or indeed whether, in some cases, there is a need to undertake the task at all. For too long, in too many cases, the operations of government agencies have been shrouded in a degree of mystery. Secrecy and an absence of information have been the hallmarks of agency operations and neither the Parliament nor the public has been afforded much of an opportunity to assess their organisational performance.

It continues -

1.3 Until the Committee presented its Second Report in July 1983 ... no public information on the size and scope of the agency sector existed.

I wish to indicate by the following quotation from page 7 of the report under the heading "Chapter 2: Accountability - The Committee's Approach" the direction which the committee followed -

2.3 The Committee's approach has been based on the premise that in a democratic society it is incumbent upon all those who have been placed in positions of authority to provide a public report on what they have done together with whatever explanation may be necessary to justify the actions performed, the methods used and the ends pursued.

It continues on page 8 -

2.5 A second point is that accountability is not solely concerned with questions of finance. The Committee does not accept the argument that only those agencies in receipt of parliamentary appropriations should be subjected to a rigorous form of accountability.

I agree with that statement, bearing in mind that the Commission on Accountability related its activities especially to areas where investments were involved. I think accountability goes well beyond simply accounting for Government funds, although that is a significant part of accountability. The report also states on page 8 -

2.6 The third point is the emphasis the Committee places on explanation in relation to accountability. It is not enough merely to detail what was done and when it occurred. Accountability also requires an explanation of why action was taken or resources committed and an explanation, if appropriate, of why the expected results were not achieved.

In other words, the committee suggested that the Parliament should be told why things happen and not simply be given a bald statement. That was the framework in which the committee operated.

With respect to the Bill before the House, in which a significant number of clauses relate to the need for ministerial direction to be recorded and for accountability for this direction, the committee made several strong recommendations. On page 103 of the report under paragraph 11.8, it states -

The problems stemming from a failure to reveal the extent of ministerial involvement in an agency's affairs have already been considered in paragraphs 4.15 and 4.16 above and here it is only necessary to reiterate the Committee's view that it will not be possible for an agency to provide a full account of its performance without reference to the minister's actions and the consequences that flowed from it.

Further to its view that the relative responsibilities of the agency and the minister should be clearly established, the Committee recommends that directions from a minister should be given in writing, detailed in the agency's annual report, and tabled in Parliament within seven sitting days unless the publication of the direction would clearly damage the interests of the agency or members of the public.

That paragraph virtually covers the vast majority of the Bill before the House. The new direction contained in this Bill was set down for all to see in June 1985 in a report of this Parliament. I repeat recommendation 23, in part, as follows -

... that directions from a minister should be given in writing, detailed in the agency's annual report, and tabled in Parliament within seven sitting days unless the publication of the direction would clearly damage the interests of the agency or members of the public.

This makes me wonder what we are doing on committees of this House when we made recommendations as specific as that in June 1985 using a bipartisan approach where all parties were involved and yet no notice was taken of that recommendation. I doubt that Government members have read that report. I am sure that the members of the Commission on Accountability did because they made recommendations in similar terms. Regrettably, the Government's Bill does not go as far in respect of ministerial directives as that report did. The Bill talks only about including in the annual report of the agency any directions from the Minister, but there is no suggestion that they be tabled in the Parliament within seven days, even with the Government's new found enthusiasm for accountability.

Hon Kay Hallahan: How practical is that?

Hon N.F. MOORE: That was argued by all of us in the Standing Committee on Government Agencies when we brought down the report. I do not recall anyone saying how impractical that was.

Hon Kay Hallahan: I hope that one of us did.

Hon N.F. MOORE: I am absolutely sure the Minister's colleagues said nothing about that. The whole point of the exercise is that that is a fair recommendation and there is no reason why it cannot be complied with. If the Minister is going to direct an agency to do something - and I suggest that it is a fairly rare occurrence that they are directed in writing - there is no reason why that cannot be tabled in the Parliament within seven days. A copy could simply be sent to the Clerk - even with our postal system the way it is now - and it would arrive within seven days. If that happened the whole world would know that a Minister was directing an agency.

I suggest that the only time a Minister would direct an agency is when it told the Minister it would not do what he or she wanted it to do. Therefore, it would be an unusual set of circumstances, because on most occasions an agency would go along with what a Minister wanted because they are generally carrying out Government policy. If there is a disagreement and the Minister does as Mr Grill did with respect to the State Energy Commission, and there is a reaction by the agency against the direction, we should know that that has happened. Had this recommendation been implemented then, Mr Grill would have been required to table that direction in the Parliament. It is a pity, in my view, that we reached the stage in November last year that the Government felt the need to set up a

non parliamentary inquiry into the whole question of its accountability. There was something rather strange about setting up that commission, although I commend its recommendations and conclusions. It is interesting that a Government which has the Parliament as part of the administration of the State of Western Australia requires people from outside the system to recommend to it how it should be accountable when in fact its own Parliament has already done that. Had it read the recommendations of our inquiry and put them into practice in 1985, I suggest to members we would not be debating this Bill today and there would be no need for this limited Bill requiring the Government to do something in respect of accountability.

Although I support the Bill, I believe it does not go far enough. It is a pity that it has come forward in this way when it could have been handled in a different way, and much earlier had the Government taken any notice of the report from this House. I would have preferred this Bill to be sent to the Standing Committee on Government Agencies before its passage through this House. It is the sort of Bill - as was the one we discussed yesterday in respect of the petrochemical plant where a new agency was to be set up - that should have gone to the Standing Committee on Government Agencies for its consideration. I have been arguing on that committee for a long time that there should be an automatic provision which says that, when a piece of legislation is brought to this Parliament which requires the setting up of a statutory authority, that legislation should be sent to the Standing Committee on Government Agencies during the second reading debate for its deliberations because, as members are well aware, it has developed a framework of accountability for Government agencies and worked out what sorts of things ought to go into legislation setting up authorities. This has happened in the past, on my motion on one occasion, when legislation setting up an authority has been referred to the Standing Committee on Government Agencies, not to consider whether we ought to have the authority but to find out whether the legislation setting it up was within the framework of accountability established by that Committee. I hope that one day that will become standard procedure in this place.

I would have preferred to see the petrochemical authority Bill that we debated yesterday sent off to the Standing Committee on Government Agencies for its consideration. The problem was, of course - and this is another problem that Standing Committees have - that presumably the Parliament will be prorogued and the committee will not be able to meet until the Parliament meets again some time in August or September after the coming recess. That is a problem that Standing Committees will always have unless something is done to overcome it.

I hope that when this Bill is passed it will be considered by that Standing Committee. That committee can, by its own resolution, decide to look at the contents of this Bill when it becomes an Act to decide whether it goes far enough. I hope that some time later this year the Standing Committee will look at this Bill in a detailed way, make recommendations and report to the House whether it goes far enough or whether it could have done other things. My view is that it could have done other things; it could have provided for the tabling in this Parliament within seven days of any ministerial directive to an agency.

I support the Bill because it is a step in the right direction. I have commended this Government before for taking a step in the right direction with respect to review clauses in Bills, but it has not in those Bills gone far enough simply by having a review undertaken by the Minister. That is not good enough as it needs to be reviewed by the Parliament. We will eventually achieve that. This Bill goes but a small way towards ensuring that Government agencies that are directed to do things by a Minister are not left to carry the can and that the Minister is, in fact, responsible. I hope that, ultimately, the further recommendation of the Standing Committee in relation to the tabling of directives within seven days comes to fruition. I will continue to argue for that.

I believe that the findings of the Standing Committee's report on accountability are good ones. They were agreed to on a bipartisan basis by people of good will who believe that accountability in itself is worth achieving. It is a pity that, having started this inquiry in 1982 - as I said to the present leader of the Government in this place because he felt as we did there was an accountability problem - some eight years down the track we now have a little Bill which does only a little bit towards this. I guess that is a start and that one should be grateful for small mercies. I support the Bill.

HON BARRY HOUSE (South West) [3.21 pm]: I support the Bill, and commend the Burt Commission on Accountability report, which was taken up by the Government and developed into this legislation. I welcome the Government's new found commitment to accountability. This was in many respects overdue because of situations in which the Government found itself involved during the past few years which have made our party, the people, and ultimately the Government, feel very uncomfortable.

An important aspect of accountability is a preparedness to answer questions. I believe that yesterday, in this Parliament, the Government failed its first test on accountability because it was not prepared to answer, via the Minister for South-West, some questions that I asked about the South West Development Authority. I posed my questions to the Minister for South-West on Friday, to be answered yesterday in this House, because I wanted some answers provided before the Parliament finished this session. Those answers were not forthcoming. I have since found out that a couple of the questions I asked have been answered, in a very indirect way, via the *South Western Times* of 18 April 1989. Mr Smith is quoted as saying - I guess in response to the question I asked about the reason for the late tabling of the annual report -

"The reason for this is that the authority was late in sending accounts to the Auditor-General.

"There was a difference of opinion between the auditor and the officer responsible for keeping the accounts as to whether the accounts kept by the authority constituted a double entry accounting system and whether every aspect of the account keeping was in conformity with the Financial and Administration Audit Act.

That is an answer of sorts to my question. It admits some problems with the administration of the authority, which is the point we were trying to make.

I also asked a question in respect of the handwritten signature of the Auditor General not appearing on the annual report which was tabled in Parliament. That was a highly unusual situation, and Mr Smith cleared it up with me during a radio interview on Monday morning, where he showed me the signed document from the Auditor General. He is quoted in the *South Western Times* as saying -

"The Auditor General did sign his report.

"Due to a printing error his signature was not copied when the annual report was printed.

I accept that explanation. However, the bottom line is that the preparation of the annual report was very sloppily organised.

I also asked a question about the legal standing of the Board of Management of the South West Development Authority, and asked when the legislation would be introduced to legitimise the expanded board. I once again received an indirect answer via the newspaper, which said -

South West Minister David Smith on Friday admitted current legislation only provided for three members on the SWDA board.

He does not say when that legislation will be put before the Parliament. Those answers are fine, but the point of a Parliament is that the Minister must be answerable to the other members of the Parliament and, through them, to the people of Western Australia. So those answers should have been provided yesterday in this Parliament. I asked those questions because I was seeking information, and it is not a satisfactory situation when we are not given answers to the questions we ask. The Minister carried on almost as if we had a hide to even dare ask such questions, and as if we were not entitled to ask them. The only response we received was an attempt by the Minister to lay the blame at the feet of someone else - the member for Warren, Mr Omodei, and me. The South West Development Authority is clearly within the Minister for South-West's area of responsibility, and that is where accountability comes in.

The Liberal Party made its policy in respect of the South West Development Authority abundantly clear prior to the election, yet the Minister misconstrued that policy. We support a lean, efficient South West Development Authority, which has a role in coordinating development in the south west. We support an expanded board of the authority which

contains people who will provide representation from regional areas outside Bunbury. The people appointed to the expanded board - John Brockman, Malcolm Wills, Sir Donald Eckersley, and Rosanne Pimm - are fine people, and we would have to go a long way to find people who would be better placed to assist in the development of the south west. I believe from discussions I have had today with several people that the Minister for South-West is about to take some of our advice and redeploy some of the staff in the SWDA. The Collie and Manjimup offices of the authority - which were opened a couple of months before the election last year - appear to be under some sort of threat of being closed.

Hon W.N. Stretch: Two expensive stunts!

Hon BARRY HOUSE: Precisely. In this case the Minister will certainly receive our support, and I hope he will be charitable enough not to attempt to go down again into the gutter and blame people who do not have the responsibility for the actions which are being taken. Whatever the future structure of this or any other regional development authority might be, I hope we will be able to ask questions about its operations to find out information. If that is not forthcoming, the Government's commitment to accountability is hardly worth a pinch of salt.

HON W.N. STRETCH (Lower Central) [3.28 pm]: I wish to take a slightly different slant on this question of accountability. The dollars and cents have been well spelled out by my colleague, Hon Max Evans, and some more specifics have been spelled out by my other colleagues. I will look at the situation from a historical point of view. It concerns me that there is already, and always has been, a commission on accountability in Western Australia: The State Parliament of Western Australia is the place of accountability, and was until 1983. This place is where accountability ends. Unfortunately, in 1983, we had a total change of emphasis and there was a deliberate attempt to draw a veil of secrecy across the operations of Government and its instrumentalities. Organisations were set up without the scrutiny of Parliament.

Hon Robert Hetherington: It has been going on for a long time.

Hon W.N. STRETCH: Never before has the public had such a perception of corruption in high places, of maladministration and of mismanagement of taxpayers' funds. It has been absolutely unparalleled, and that is why we have ended up with a Commission on Accountability which should never have been necessary if Governments and Government departments had been allowed to operate as they should.

Hon Mark Nevill: Do you normally believe what you say?

Hon W.N. STRETCH: I do. I sincerely do. I have read the report very carefully.

Hon Robert Hetherington: You did not understand it.

Hon W.N. STRETCH: I understood a fair bit of it. I probably understand about as much of it as Hon Bob Hetherington -

Hon Robert Hetherington: I doubt it.

Hon W.N. STRETCH: - who is determined to make another speech sitting in his seat. I always enjoy his speeches, but I prefer those he makes when standing up to those when he is sitting trying to upset members who, judging from his responses, are upsetting him.

Hon S.M. Piantadosi: You are not upset now, are you?

Hon W.N. STRETCH: No, I am not, but I am pointing out that it is the Government's shoddy dealings over the years which have led to this type of legislation being required. The last election was fought on the slogan of "a future we can believe in" because the Government had a past it could be so thoroughly ashamed of.

Hon S.M. Piantadosi: I do not know why you are getting so excited.

Hon W.N. STRETCH: I am not getting excited; I just have to speak a little above the level of the interjections. If the member promises not to interject I shall look less excited.

The DEPUTY PRESIDENT (Hon John Williams): There will be no interjections!

Hon W.N. STRETCH: Far from being excited, I regret the necessity for this sort of legislation. It is a direct result of this Labor Government's attempt to hoodwink the people of Western Australia and lift money out of the pockets of taxpayers to pursue its own

political ends. It is as simple as that, and should be exposed for what it is. It is no good the new Dowding Administration saying that it is not responsible for the 1983 debacle, because all Government members are responsible collectively.

Several members interjected.

Hon W.N. STRETCH: I presume Mr Stephens is allowed in Caucus meetings.

The DEPUTY PRESIDENT: Order! Let me make it perfectly clear that members not sitting in their seats are not seen. Any interjection I shall consider a grave disorder in this House and will take the appropriate action.

Hon W.N. STRETCH: The responsibility for this debacle rests entirely with the Labor Party. All members opposite are responsible, in their various factions. Some may have voted against certain sections, but the end result -

Hon Kay Hallahan: Oh!

Hon W.N. STRETCH: The Minister should not look so astonished; we have the list. We know who sits where.

Hon Kay Hallahan: You have lists?

Hon W.N. STRETCH: Yes.

Hon Kay Hallahan: I think you had better concentrate on your own affairs.

Hon W.N. STRETCH: We know who sits where, and who is in charge of what. All must accept responsibility for what has gone wrong. The Government now has a sudden love affair with accountability, which was dreamt up as an election strategy. Obviously it was successful; with its usual panache with media presentation the Government was able to overcome the very serious down side of the operations of WA Inc and so members opposite very cleverly took the best out of the private members Bill on accountability put forward in the other place by a Liberal member, Mr Mensaros. He did not introduce that Bill out of any disrespect for the Westminster system; he did it because he saw how far down the track to generalised corruption this Government was going, and he put that Bill forward in the hope that the public and the media would pick up how serious this rotting away of accountability to the public had been.

Hon B.L. Jones: Are you saying we are a corrupt Government?

Hon W.N. STRETCH: Yes.

The DEPUTY PRESIDENT: Order!

Hon W.N. STRETCH: I am.

The DEPUTY PRESIDENT: That type of interjection is disorderly, I remind members again.

Hon W.N. STRETCH: I shall not repeat my speech of the other night on corruption, but I will paraphrase it. Corruption, it was pointed out, was a question of degree. Many people are corrupt in technical terms on small infringements of the general law, but this general perversion of the generally accepted methods of Government and types of investment and the misunderstanding of the role of Government put this Labor Government in a class of generalised corruption which is totally unparalleled.

Several members interjected.

Hon W.N. STRETCH: If members want further authority, Hon Tom Stephens can refer to his ex-Federal leader, Gough Whitlam, who also branded the Labor Government as a corrupt Government. I have to agree with Hon Gough Whitlam for once, although he tried to kick me off my farm as a result of his financial manoeuvres. I have to agree with him that members opposite form a corrupt Government. Despite this love affair with accountability, members opposite will not be -

Point of Order

Hon KAY HALLAHAN: I cannot sit and listen to statements that this is a corrupt Government. I ask the member to withdraw those statements which he has made on more than one occasion.

The DEPUTY PRESIDENT (Hon John Williams): The context in which Hon W.N. Stretch is using the word "corrupt" is, in my opinion, unparliamentary and I ask him to withdraw the remark.

Hon W.N. STRETCH: Thank you, Mr Deputy President. On the understanding that it is unparliamentary I shall withdraw that comment and refrain from using it again.

Debate Resumed

Hon W.N. STRETCH: I still find it astonishing that I saw nothing from the Labor Party hierarchy, either from the parliamentary or the non parliamentary side, protesting against ex-Prime Minister Gough Whitlam's branding of this Government as one of that ilk. The point of order can be taken, and I agree with it, but the expression has been used so widely, particularly about this Government, without any response from the party at all, so one cannot help drawing that conclusion.

Hon Barry House: He said it was incompetent as well.

Hon N.F. Moore: Perhaps you should use that word; it may not be unparliamentary. I am not sure, though, which is worse.

Several members interjected.

The DEPUTY PRESIDENT: Order! I made one ruling. I am sticking by that ruling. A member on his feet shall be heard uninterrupted unless a point of order be raised. I intend to follow that ruling.

Hon W.N. STRETCH: The question was raised whether that comment was addressed to the Public Service or to the Government in general. When I read the article I thought it quite clearly named the Victorian and Western Australian Governments.

Hon Robert Hetherington: I think you read it wrong.

Hon W.N. STRETCH: That is possible, but many newspapers picked that comment up because it was very printable. It is generally accepted -

Hon N.F. Moore: The pot calling the kettle black!

Hon W.N. STRETCH: It was taken by the Labor Party lying down because it knew it could not be refuted.

Hon Robert Hetherington: Not true!

Hon W.N. STRETCH: Obviously it has now been refuted by one member. What concerns me, though, is the damage which has been done to the parliamentary system and how deeply this has become entrenched. We have to have a commission on accountability set up to sit in judgment on a Government which, in itself, is appointed to be the very keeper of the taxpayers' purse.

Hon Robert Hetherington: We've talked about that before -

The DEPUTY PRESIDENT (Hon John Williams): Order! Again I ask Hon Robert Hetherington to cease his interjections. He has the right to make a speech to refute the speaker on his feet.

Hon W.N. STRETCH: Yes, Mr Deputy President, I keep getting these echoes. They are a little off-putting and one then has to gather one's thoughts, so Hon Robert Hetherington is expanding the debate further than it need go.

I find it very disturbing that there is such a total ignorance of the role of the Parliament, and the very evasive types of answers that have been given over the last six years are themselves indicative of the cover-ups that have been going on. It has been well said that Governments of all persuasions are reticent to answer questions as fully as some members might like, but I submit that since I have been in this place, if one checked *Hansard* one would find the answers given over the last six years have been far more evasive than anything we have seen in the past. As Hon Barry House pointed out, that is an indication of the willingness - indeed, the eagerness - to cover up the activities of the Government.

I believe that at the last election the majority of people accepted that, and the performance of the Government and its management style - its so-called four-on-the-floor evasive style of quasi business enterprise - was judged by the people and found wanting. As the Premier

himself said, the Government won the election by a handful of votes in a handful of seats. The Government won the election, but I believe it was more a victory for its media machine than an endorsement of its style of Government, and I really think most people in the Labor Party accept that.

Hon Kay Hallahan: That is not so.

Hon W.N. STRETCH: It is not so?

Hon Kay Hallahan: No.

Hon W.N. STRETCH: I see. That must be a matter of opinion, and certainly the opinion I have formed after speaking to many people who previously voted Labor but who voted for the conservative side of politics this time is that the Government lost support on that very issue. Of course, the tragedy from our point of view is that those people did not vote in the electorates in which we would have preferred them to vote.

I cannot say a great deal more on the technical side of this Bill; I think it has all been said. I have made my comments because it is high time that we returned to a proper Westminster style of Government. If we really believe in it we must pay more than lip service to accountability. I believe this legislation is a papering over of the difficulties that the Government has created for itself. I do not believe it will truly solve the difficulties in which the Western Australian economy finds itself now; because, as members on this side of the House know only too well, a Westminster democracy must be based on decent, honest decisions made by decent, honest parliamentarians overseeing a decent, honest Public Service which is non-politicised, and above all it must be executed by a Government with the will to be genuinely accountable to the people. If we are going to move away from this style of Government we must think very hard about the alternatives. As I said earlier, I was not angry; I am grieved that the need for legislation such as this is here with us now.

I do not know why, but since this debate started, and in fact when we were finishing the debate on the Western Australian Petrochemical Industries Authority Bill last night, the speech of Lady Macbeth kept coming back to me - so much so that I attempted to misquote it to some of my colleagues. I just leave the House with the correct words, courtesy of the library staff here, and my thanks go to them. Lady Macbeth said, "What, will these hands ne'er be clean?" It will be a long time before the economy of Western Australia recovers and its credibility is restored. Not only will it be a long time before those hands are clean, but also it will take more than all the perfumes of Arabia to sweeten those hands.

I do hope this accountability legislation will go some way towards redressing the damage that has been done; I hope also that we can return to the stage where we have an honest administration working in the true spirit of a Westminster democracy so that this place can work and be accountable as it was set up to be and as it should be.

Sitting suspended from 3.46 to 4.00 pm

HON A.A. LEWIS (Lower Central) [4.00 pm]: Mr President, because of the nature of this day, I seek leave to continue my remarks at a later stage of this day's sitting.

[Leave granted for speech to be continued.]

Debate thus adjourned.

[Continued on p 1141.]

MOTION - CLERK OF THE COUNCIL

State Energy Commission - Tabling of Document, Leave Granting

THE PRESIDENT (Hon Clive Griffiths): Honourable members, I take this opportunity to advise that I have received a letter from the Clerk of the Council addressed to me as follows -

Dear Mr President

SECWA COMMITTEE - TABLING OF DOCUMENTS PURSUANT TO ORDER

I have been unable to discuss the nature of the evidence to be omitted from the documents I am required to table at today's sitting with all of the persons named in

the proviso to the order made yesterday.

Both principal witnesses are absent from Perth on business although both are aware of the order and its requirements. Neither witness is in a position, today, to access the documents in order to provide me with their views.

I am obliged to inform you that I cannot comply with the order to the extent that I table the documents at today's sitting and I therefore ask that you would obtain leave of the House for me to either table the documents at a later sitting or publish them in such manner as the House may direct.

Yours sincerely

L B Marquet
Clerk of the Council

April 19 1989

Honourable members, the position is now that I need to seek leave of the House to alter in some way the order given yesterday.

HON J.M. BERINSON (North Central Metropolitan - Leader of the House) [4.02 pm]: It might help if I were to move that the leave as sought by the Clerk be agreed to.

The PRESIDENT: Order! I will put the question in a minute, except that the Clerk gave two options; he said "at a later sitting or publish them in such manner as the House may direct". Is the Leader of the House suggesting that the Clerk table them at a later sitting?

HON A.A. LEWIS (Lower Central) [4.03 pm]: I think that the Clerk was bound by an order of this House he cannot comply with, and he should table the paper at the first possible sitting when he has been able to contact the people involved. I would move an amendment in those terms.

The PRESIDENT: There is no need to move an amendment. Is leave granted for the Clerk to table the documents at the first available opportunity?

Leave granted.

WESTERN AUSTRALIAN PETROCHEMICAL INDUSTRIES AUTHORITY BILL

Third Reading - Personal Explanation

HON E.J. CHARLTON (Central) [4.05 pm] - by leave: As a consequence of developments this morning in relation to the third reading of the Western Australian Petrochemical Industries Authority Bill, I was confronted with information in connection with recent developments in regard to two individuals. As a result of that information, associated with other information put to me, I found at the time the third reading was put that a number of questions had been presented to me and to my colleagues for which answers were needed. As a result of that I was in the process of attempting to have the third reading deferred. However, because of my consultations with people outside the Chamber, I was unable to be afforded that time and the third reading of the Bill proceeded. The vote was in the process of being taken when I entered the Chamber.

Consequently, I have made public statements today to indicate that members of the National Party want to ensure that the matters brought to my notice, and those other developments, do not result in a detrimental or consequential effect on the role that the National Party took in the process of the Bill. The National Party sought to put a number of safeguards in the Bill, while at the same time supporting the setting up of an authority. However, because of the questions brought to my attention, I believed it was not in the interests of this State for the Parliament to allow the Bill to proceed. As a result of Standing Orders and because of the timing of my queries on this matter - which constitutes a great deal of finance to this State - I was left with no alternative other than to try to ensure that the Bill did not proceed. The result is that I sought from members this opportunity to make a personal explanation to enable them to fully understand the reasons for my deep concern. I will seek the answers to those questions put to me this morning over the course of whatever time it takes. I seek the understanding of members and I hope they realise and accept the fact that, in deliberating over my concern, I was not in a position this morning to support the third reading of the Bill.

I want to emphasise finally that the National Party has supported the process of this Bill to

set up an authority, but it was not prepared at the eleventh hour to allow it to proceed if in fact the complications of what was brought to my attention were correct. It is my intention now to get answers to those questions and then I trust we will be in a position at least to know whether our concern was justified.

Hon J.M. Berinson: Might I ask whether you could add to that that, in the event of your being satisfied -

Hon E.J. CHARLTON: It goes without saying. I have already emphasised that point and I have discussed it with Hon Max Evans and Hon Joe Berinson. The National Party at all times, both in this place and the other, has signified its intention to agree to setting up an authority for one basic reason: To give the people of Western Australia an accountable organisation to ensure the future financial involvement of the State is secured. We have not changed from that point. In saying that, if all were right we would have supported the third reading this morning. However, all was not right and as a consequence our intention now is to seek answers. The Parliament can decide what course of action should be followed from this point.

All I can say is that, until the questions are answered satisfactorily, as I said this morning and as I said at the Press conference, it will not be right for me as a responsible member of Parliament representing people in Western Australia to allow the matter to proceed. If these queries of the highest significance are answered we would be placed in a position of being able to support the Bill and for the authority to be put in place. Until such time as the queries have been answered, we will not be in that position.

HON G.E. MASTERS (West - Acting Leader of the Opposition) [4.11 pm] - by leave: Yesterday the Liberal Party attempted to insert within clauses 24, 25 and 26 of the legislation adequate safeguards that I think would have satisfied the National Party. Unfortunately, the clauses were rejected by the Labor Party and the National Party. When Hon E.J. Charlton reconsiders his position I urge him to also consider those amendments with a view to supporting them, as they would provide the safeguards for the public and avoid the risk and all the other things we on this side of the House have expressed concern about.

ACTS AMENDMENT (ACCOUNTABILITY) BILL

Second Reading

Debate resumed from an earlier stage of the sitting.

HON A.A. LEWIS (Lower Central) [4.12 pm]: Accountability is a fascinating word when we consider the various events which have taken place not only today but also in the past. Accountability of people to their electorate is one thing which fascinates me, as an old timer in this place watching the performances today. We had members sitting down during the division earlier today wanting to stop the division, then we had a Press release stating that everything was perfectly all right, that everything had been considered overnight. This indicates that our accountability may not be all that good and that our communication was pretty crook, because only one out of three National Party members knew what was happening.

To me, Sir, accountability in this job is accountability to the public. We had no need for Sir Francis Burt to head up a Commission on Accountability; the House had done most of the work through one of its Standing Committees three or four years ago under the chairmanship of Hon John Williams. All members of Parliament know when they come to this place that they are accountable to the people of the State first, to their electorates second, and to their political parties third. Occasionally we forget about that. With its mateship style of Government, the Government has been more accountable to its mates than to the people of Western Australia.

Hon P.G. Pendal: Spot on.

Hon A.A. LEWIS: The Government has placed its mates in positions of trust. But I have heard this afternoon that some of those mates are not faring too well; some parts of the gendarmerie have caught up with them. I refer to the same people who we have been told since 1983 are extremely good at their jobs and work in the interests of the State. Obviously some people in this State do not believe this.

Hon T.G. Butler: You can do better than that.

Hon A.A. LEWIS: Mr Butler has problems with Mr Gandini so he should not try to put on a turn.

If the Government had been accountable and had answered questions about certain things, the Opposition would have been in a better position -

Hon John Halden: That is scandalous.

Hon A.A. LEWIS: Yes, the whole operation of this Government has been scandalous from the very day it got in.

The PRESIDENT: Order! I ask members to refrain from interjecting in such a way that makes the member on his feet raise his voice.

Hon A.A. LEWIS: I am sorry, Sir, that I had to raise my voice but you are better protected than most members because you have a wig to block part of the sound.

Hon Kay Hallahan: I take it the member is supporting the Bill; I missed his opening remarks.

Hon A.A. LEWIS: The Minister will learn by the time I finish my speech in three quarters of an hour whether I support the Bill.

Hon Kay Hallahan: That is all right.

Hon A.A. LEWIS: If the Minister and her mates want to interject, I say that I enjoy the interjections. I know that you, Mr President, do not like the interjections. You must realise, Mr President, that to get my measured tone and my timing correct to get through this Bill properly every interjection makes my speech a little longer.

Hon T.G. Butler: And no better.

Hon A.A. LEWIS: That may be but that is a judgment that the honourable gentleman should not make. I have no worries about that at all.

Hon Robert Hetherington: Length isn't everything.

Hon A.A. LEWIS: That is one of the good interjections and that probably gives the Government a bonus of a minute or two.

We are talking about accountability, and about a Government that went to the public and made promises - not only in 1989 but also in 1986 and 1983. Has the Government honoured those promises? Has the Government been fully accountable to the public?

Hon Robert Hetherington: Yes.

Hon A.A. LEWIS: I am glad that Hon Robert Hetherington, the loyal soul that he is, feels that the Government has been accountable to the public. I will now send the people who come to me about the grant for primary and secondary education to Mr Hetherington and he can tell them it was a mistake and that the Government will hold over its commitment for a year or so. That was not said when the Government promised grants to the school children of this State. The Government said it would give a grant to primary and secondary school children.

Hon Robert Hetherington: During the next term of the Parliament.

Hon A.A. LEWIS: No, it did not say that it would be during the next term of the Parliament. That is what the Government meant to say. That is what accountability in Government is all about. It is not about perceptions; it is about honouring, in detail, what it says. Over the last six years we have been fed a magnificent media coverage about what this Government has been doing - very little of it accountable to the public because Her Majesty's Opposition cannot get the answers. One has only to look through the question book for yesterday and today to see how many answers state that the member will be advised in writing. I advise those new members - the Minister is probably one of those to whom I am referring - who have not been in Opposition that this situation never applied in the past. There were odd occasions when the answers were deferred and when members were advised that they would be advised of the answer in writing.

This Government has not been accountable to this Parliament. It has used this Parliament as

its pawn and it has pushed the Parliament whichever way it wished and has used its bully boy tactics even to the extent of trying to push around some of the staff. Mr President, I believe at times they tried to push you around and that would be fairly hard.

The PRESIDENT: Order!

Hon A.A. LEWIS: Mr President, I withdraw that remark.

A Government member: Nasty.

Hon A.A. LEWIS: It is not nasty, it is realistic. I do not think there is a member in this House who does not have a list, as long as his arm, of commitments made to people in his electorate by this Government and its predecessor, the Burke Government, and which have not been honoured. I spoke about this subject last year when we were debating the Budget.

A new member came to me during the lunch suspension today and said, "Look at the Northcliffe school - the Government promised it would put \$600 000 into it." I said to him, "Look, you silly clot, you did not read the Budget." I know one should not talk to his fellow member like that, but it was stated in the Budget that "eventually" \$600 000 would be spent on the Northcliffe school. However, an allocation of \$50 000 for the necessary planning had been made in that Budget. A Press release from the Government said that \$600 000 would be spent on that school. That is not accountability. The Government was misleading the public, by way of the media, by not making it clear that \$600 000 would not be spent straight away on the school, and that it would take between two and seven years for the money to be spent.

This Government has taken this sort of media release or propaganda - one can call it what one wishes - to the highest pinnacle of art. It stops short of actually committing itself fully, but it wants to lead the public into thinking it is committing money to certain projects.

I refer now to another scheme and my good old friend, Hon Fred McKenzie, will know all about it. The great tragedy of it is that I will not be in this place when the Railways Discontinuance Act is amended to include the railway line between Boyup Brook and Katanning. The Government has not faced up to the fact that it has taken out 24 000 sleepers, three bridges and all the traffic lights from that railway line. One can drive along the road adjacent to the railway line and see the rails stretching like wire in the distance, and there are no sleepers or bridges to be seen. This Government has not been accountable because it said it would not close that railway line. I advise Hon Fred McKenzie that the Collie-Wagin railway line has also suffered the same fate. I would not mind if the Government said that it had reassessed the situation and will close the lines. Hon Fred McKenzie knows that the Boyup Brook-Katanning line will be closed; I know that line will be closed, but members of Parliament are told that the final decision has not been made because the relevant committee has not reported. Is that accountability by the Government?

Hon Fred McKenzie: As a gesture of appreciation for your services and your continued efforts, the Government has decided it will close it. You are aware of that.

Hon A.A. LEWIS: The Government has decided to close it? That is very good, but I wish the Minister had advised me of that in answer to my questions. I know the convener of the Broad Left is one of the most influential members in this place.

Hon Fred McKenzie: I have no influence in this place.

Hon A.A. LEWIS: I know that 17 members of the Labor Party bow and scrape to him in this place because he is the convener. I was interested to read a Press release wherein it stated that Hon John Halden had taken his place. I was not game to ask Hon Fred McKenzie whether he had been kicked out, but I read another article which said that Hon Fred McKenzie had been replaced on his throne as the convener of the Broad Left. There is no better person for that position. Members in this House know what I think about him and how much I appreciate him.

Where is the accountability of this Government? I refer now to another example of the lack of this Government's accountability; that is, to the South West Development Authority. Apart from the fact that its annual report was tabled rather late and that the figures did not add up, has the Government said to local government in the area, "Hey, there are 15 of you. Would you rather \$300 000 a year instead of us running this fake organisation which is wasting money hand over fist and out of which many of you shires are not getting a zack?" Of course it has not.

Several members interjected.

Hon A.A. LEWIS: I do not know whether Mr House agrees with me. I am making a statement and I will stick by my statement. The South West Development Authority has been a political ploy and a junket from start to finish. It has never been worth a stick, and it has been the greatest waster of public money in the south west we have ever known.

The Government should be accountable for a few other items. I am sure the Minister wants to be accountable for the assurances that have been given to this House. I have listened to assurances on the amounts of money that will be put into various areas. Do members recall the collapse of the Teachers Credit Society? Week by week the amounts needed to rescue that body gradually escalated. What else has happened? We could not get answers to our questions on the Rothwells collapse. Hon Phillip Pandal asked some questions about an amount of money moved from a bank in Collie. It appears from the latest Press release that action has now been taken on that matter.

Hon P.G. Pandal: It was only \$6 million - a pretty minor transaction!

Hon A.A. LEWIS: Probably minor to Hon Phillip Pandal, but to a poor country boy like me who has to work for his money, it is a lot of money. To a city millionaire it is just a button off his shirt.

Hon J.N. Caldwell: Did you come here to make money?

Hon A.A. LEWIS: No, I did not come to this place to make money because I knew the terms and conditions before I came. I accepted those terms and conditions, although I have fought for improvements in them.

People from sectors outside this Parliament need to be accountable. It is very interesting to note that various factions of the Labor Party, Liberal Party, and National Party from outside the Parliament select people to become members of Parliament, and day by day we read that people such as John Halfpenny, Simon Crean or John Elliott would make marvellous politicians.

Hon S.M. Piantadosi: They will too.

Hon A.A. LEWIS: My honourable friend says that they will. We have already seen what a disaster the little silver budgie has been for Australia. He has become Prime Minister, but what of his accountability? In the last week he and his Treasurer have tried to sell the Australian people a bill of goods; they have not been accountable to the people of Australia, and certainly not to the producers. I always use the example of Sir Garfield Barwick, who was one of the greatest constitutional lawyers in Australia. However, he never made the grade as a member of Parliament. The world is littered with such people, but those on the outside seem to think they can pick a very good businessman, union leader, or whatever and automatically that person will become a good member of Parliament. As we all know, that does not happen and, therefore, those people outside selecting others to become members of Parliament have a certain amount of accountability which should be considered.

Why does this Government need to introduce a Bill on accountability? Can anyone explain that to me? This place has been led by the nose by successive Governments, not only Labor Governments but also Liberal Governments, which have created a heap of nonsense in the business world. Any sane person today who becomes a company director soon needs to visit a psychiatrist because of the complex law dealing with business in this country today. The cost of implementing that law is shocking and members will have heard me many times quote the first speech I made on company law in this place when Hon Ian Medcalf introduced changes to company law legislation. Time after time I quoted the *Hansard* page and referred members to it, because I did not want to waste time making the same speech. Virtually everything I said in that initial speech has come true. The Government will not achieve accountability or better service by tying down people and businesses; it will just cost those people more money and provide lawyers with more work. It does nothing for the productivity of this country and certainly nothing for accountability. The people of this country must do a little for themselves; they have to decide whether a person is honest or dishonest, truthful or untruthful. In this case the Government by a very small majority has convinced the people that it is doing the right thing. That was the accountability lesson before 4 February. However, from 4 February another set of accountability provisions will apply; the Government has failed to honour promises it made during the election and it has

failed to provide information. Indeed, anyone who heard the debate on the petrochemical Bill, which was so shamefully thrown out this morning, will know the Government will not front up and be accountable for any of its actions. Rumours are rife around this town about what people are or are not doing. I am sorry Hon Mick Gayfer did not make his speech in the Address-in-Reply debate because I am sure he would have said that he had a contract with the people which had been broken in half by the Government and, therefore, he should be given redundancy pay. That does not apply to members of Parliament, but it does to the boss of the Western Australian Development Corporation. The salaries paid to employees of WADC are quite different from those paid to members of Parliament, and I estimate that the amount the Government will pay John Horgan for severance pay will exceed the total amount paid to all members leaving Parliament this year.

Is the Government accountable for the money to be paid out of the public purse? How much have some of these companies had? What is the asset backing of petrochemical plants or the WADC? What happened to the stations up north such as the Emanuel stations? Can we get answers about these questions? Not from the Government; not from this Government which has the hide to bring in a Bill on accountability yet the public cannot get the knowledge about what is going on. You have seen, Sir, Hon Max Evans trying to get answers day by day. It was worse than drawing teeth as at least one knows that one has the tooth when the pliers are on it, but from the Leader of the House we have been unable to get any answers. I suppose, to be fair, the Opposition has scored five per cent of the financial questions asked in this House in relation to the State. That is only five per cent of the questions that can be answered by the Minister for Budget Management. Is that accountability? I do not believe it is. Seeing that the honourable gentleman has had a pretty tough day, I will leave him alone.

This Government is just doing another public relations exercise with this accountability legislation. What are the benefits to the people of Western Australia? Will it make people honest? Will it make people accountable? One would suppose that after spending the time and the money to get Sir Francis Burt to report, that would be enough. We now have an accountability Bill and I do not know the way out of the fire and brimstone because the youngsters today seem to be able to do what they like and this Government is the same. There is nobody chastising the Government. The Opposition tries to chastise it and the Press say, "Leave them alone as they are allowed to have these things." The Government claims commercial sensitivity and the Opposition is not allowed to interfere. That is okay if those commercial people are using their own money and not your money and mine, Mr Deputy President, and the money of every member around this House and every member of the staff. It is our money. It is the taxpayers' money and this Government is using it without even reporting accurately about the taxpayers' money.

The Government speaks about creative accountancy, yet one and one makes two in anybody's language. With this Government it is possible that one and one could make two or it could make 11. One would not know because it has not been accountable to the people of this State. It has not been accountable to the members of this House or the members of the other place. It has tried to be smart every time it has been asked genuine questions about the finances of this State and yet it has the hide to bring before this place a Bill on accountability. Has the Government said that it will change its ways? It is said with good authority that the Leader of the House is starting to answer an odd question, but only the odd question. He does not really attempt, nor do his fellow Ministers, to give this House the full rundown on what they are being questioned about. I am aware that some previous Ministers pushed a few things aside which they did not want to discuss at the time, but in general in the time I have been here Ministers have genuinely tried to answer questions and keep members fully informed.

If this accountability Bill will create the situation where the Government will be accountable to the people of Western Australia, I will support it. I have to trust the Government as it is elected to do its job. I doubt that it was elected to waste our time by bringing in PR Bills such as this one, but it wishes to do so and it is the Government. Therefore, with a little bit of cynicism and a great deal of hope, I support the Bill.

HON KAY HALLAHAN (South East Metropolitan - Minister for Local Government) [4.46 pm]: I want to thank members for their support of this Bill. While some criticism of the Government has been expressed, I do not accept it and I do not believe that many of the statements made were soundly based at all. It is good that we are all of the mind that this

accountability legislation is the direction in which we all wish to go, and we certainly see benefits coming from it. It is clear that people, rightly or wrongly, viewed the situation as needing tighter controls and this legislation before the House today will certainly bring about greater responsibility by Ministers for the bodies which report to them. Indeed, by requiring that directions from Ministers be given in writing and included in the annual report, it will make Ministers much more accountable to this place and therefore to the public of Western Australia.

That is one of the outcomes that is generally regarded as being a way of allaying anxieties on behalf of the community of Western Australia and of overcoming concern brought about by certain perceptions. I have to say, and I do not want to be controversial, that a lot of the controversy was brought about by members of the Opposition who to some extent generated that perception.

Hon P.G. Pental: You have learnt nothing.

Hon KAY HALLAHAN: I listened attentively to Hon Phillip Pental's views, and he will accept that on this side of the House there is a different view.

The important point out of all of this is that we are agreed upon a path of action to overcome the problems that we mutually agreed needed to be overcome, even if we do think that the causes are different. Nevertheless, I do not want to fragment the view that we want to see the Bill tighten control and widen ministerial responsibility, and generally tighten up the ship in financial and other management matters for the State. The Bill we are passing today is part of the story of tightening up the ship and carrying out the recommendations of the Burt commission. I thought that the Premier was very courageous indeed in appointing that commission during the pre-election period and releasing that report for public comment prior to the election. Also, the Premier gave a commitment to fully carry out the recommendations of the report. I can assure members that this Government is fully committed to carrying out the recommendations of the Burt commission.

Hon D.J. Wordsworth: If you are as honest as you say, there was no great commitment, was there?

Hon KAY HALLAHAN: I am saying that there is a need to restate this matter because of a certain perception in the community. I think Hon David Wordsworth has missed the point of why I started off by saying - and I do not want to accuse him of buying into what I was trying to indicate - that it is precisely because of that that we want to see those recommendations implemented in full. Indeed, if there were a role for the Standing Committee on Government Agencies to examine the recommendations of the Commission on Accountability and, indeed, the progress towards the fulfilment of those recommendations, then the Government would be happy to see that role taken on, because it wants to see those recommendations implemented in full. The Bill before us is part of that.

As has been indicated to members previously, there is a full and comprehensive review of the Financial Administration and Audit Act proceeding which will be reporting early next year. I presume that out of that review we will be asked - and I think Hon John Caldwell was right when he talked about other amendments - in the autumn session next year to consider further amendments to the Financial Administration and Audit Act in line with the recommendations of the Burt commission.

I hope that there are some areas that the members feel reassured about and realise that the action we are indicating we will take will be taken, and is being taken. There are other mechanisms for carrying out some of the recommendations of the Burt commission in terms of Treasurer's Instructions. They can be well in place this year, so there are other means by which we can progress those recommendations, as well, and that is a commitment we are giving.

I turn now to some of the comments made by members during the debate. There were not a great many of them. However, there was one that worried me because I do not know whether I understood Hon Max Evans correctly. He and I attempted to discuss the matter, but our times have not coincided well during the progress of the Bill, so we were unable to do so. He referred to subsidiaries. I make it clear that this new legislation applies to all existing subsidiaries and will apply to any newly created or formed subsidiaries. It is not a question of some and others, it will apply to all.

Hon Max Evans: I was asking the Minister to give examples and to name some subsidiaries. It is a simple question.

Hon KAY HALLAHAN: I understand that Hon Max Evans has read the report of the Commission on Accountability, and subsidiaries are listed in it. Therefore, the legislation will apply to all those subsidiaries, so there are loads of examples in the Burt commission report.

Hon Max Evans: They do not nominate named subsidiaries; they nominate companies under the Act, not subsidiaries.

Hon KAY HALLAHAN: I am happy to discuss the matter later.

Hon Max Evans: Perhaps the Minister will give an undertaking to give me that information later.

Hon KAY HALLAHAN: I give the member that undertaking. I think it is a matter of a two or three minute conversation to overcome this problem. Another query raised by the honourable member was with regard to the date from which directions from Ministers will come into effect. Those directions in writing from Ministers to agencies will come into effect from the date of proclamation. That would be the point at which that is introduced. I think in our informal discussions the honourable member accepted that that would be a sensible way to go.

I was somewhat disturbed by a sort of theme apparent in members opposite questioning, I guess, the integrity and practices of a lot of the people involved in agencies and in Government. That is not something that is easy to sit and listen to. I make the point that Exim Corporation, for example, is audited by the Auditor General, who is in fact a servant of this Parliament. He is an independent and highly respected person. I understand that the Western Australian Development Corporation is audited by private auditors who are members of the Institute of Chartered Accountants. I expect that Hon Max Evans would have regard for that institution as I understand he is a member of it. Both bodies have been audited in a legitimate way by highly respected bodies.

We have canvassed the Bill fully and all members know what its thrust is. I again commend the Premier on acting rapidly in relation to this matter. He gave officers a very clear instruction that they were to draw up legislation and set in motion those things necessary to carry out the recommendations of the Burt commission. That is what we have before us today and what we are considering. If I have inadvertently overlooked points raised by any member I will be happy to deal with them during further debate or to explore informally those matters in a fuller way. Some members took this opportunity to raise gripes they had which did not necessarily relate to the Bill, which is overcoming some of the things which were a worry to them.

Question put and passed.

Bill read a second time.

Committee

The Chairman of Committees (Hon D.J. Wordsworth) in the Chair; Hon Kay Hallahan (Minister for Local Government) in charge of the Bill.

Clause 1: Short title -

Hon MAX EVANS: I thank the Minister for her comments on this legislation, which we all agree is most important. There seems to be a large degree of difference in our approach, as we believe this legislation could have gone a lot further. However, the main thing is that it is starting to do something, but it should have more detail in it. When I talked about subsidiaries I did so because there was such an emphasis on the word "subsidiary" that I wanted the Minister to name a number of subsidiaries as examples, as there were a lot before in Exim. However, we can catch up with this matter outside the House, as long as she can get someone to give me this information.

I respect her answer on directions from Ministers, indicating they would be covered from the date of proclamation. We are sad that that is the date because we would have loved to know what direction was given by Minister Grill to the State Energy Commission, and by the Treasurer to WA Government Holdings Ltd to invest the \$175 million, and what direction

was given to State Government Insurance Commission to lend \$175 million to WA Government Holdings Ltd. However, we will not be privy to that information. We hope that in future the Government will be far more accountable and will not need to give directions of that magnitude which require that much supervision and investigating.

We have had a discussion with the Government about the 13 pages of amendments which we believe are important to this legislation. We also believe it is important with respect to the Financial Administration and Audit Act that there should be a further, better and more intense review, and not just by the Commission on Accountability with the assistance of Treasury. We would like the Minister's support in asking the Government to agree during the next Parliament to support the Opposition in referring the report of the Commission of Accountability to the Standing Committee on Government Agencies and for it to report back to the Parliament.

Hon KAY HALLAHAN: I would be very happy to give the Chamber that assurance. As I said a moment ago in my second reading response, the Government is very keen to see all the recommendations of the Burt commission carried out, and it would also be in our interests to have this report referred to the Standing Committee on Government Agencies. A monitoring role could be played by that committee on the actual implementation, and I guess that is a motion which we could all agree on at the next session of Parliament. I give an assurance to the member and to the Chamber that the Government would support a motion in such terms.

[Questions without notice taken.]

Hon MAX EVANS: I thank the Minister for her assurance on this matter. The Opposition will not proceed with its amendments.

Hon N.F. MOORE: I am pleased that the Minister has given an assurance that these matters will be referred to the Standing Committee on Government Agencies. That is, however, only the first part of the deal. I hope she will also give us an assurance that when that committee reports to the Chamber, the Government will read the report, and put it into practice. The Minister was a member of the committee at the time, and she would know that this committee produced a very thick report on accountability, and had the Government taken any notice of that report, we would not have to go through this process today.

Hon KAY HALLAHAN: I give an undertaking to the member that the Government will definitely read the report.

Clause put and passed.

Clauses 2 to 29 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Hon Kay Hallahan (Minister for Local Government), and passed.

GENERAL ELECTIONS (PROHIBITION OF GOVERNMENT ADVERTISING) BILL

Second Reading

HON P.G. PENDAL (South Central Metropolitan) [5.08 pm]: I move -

That the Bill be now read a second time.

It is singularly appropriate that this Opposition Bill should follow a debate on the subject of accountability. No area of the public domain requires a greater level of scrupulousness on the part of Governments than the use of propaganda; even the use of money by Governments is of less moment. It is certainly a serious matter to misuse the taxes that Governments administer on behalf of taxpayers, but in the main, money that has been misused can ultimately be accounted for by auditors. However, propagandising by a Government is a far more serious and insidious activity; even the words used to define propaganda are

themselves tinged with a hint of danger and caution. Propaganda is a means of disseminating doctrine in order to promote or injure a belief. Another definition I have seen comes from the *Macquarie Office Dictionary*, and it talks of propaganda being the dissemination not only of ideas but of rumour. By extension it is, therefore, possible to suggest that propaganda can also be that process of implying things that are not even true. This is what we have been confronted with in this State during the past six months, by a Government which has raised the art of propaganda to a level which now actually threatens the democratic process.

I say, first, that no-one can deny this Government's right to get out its message. It has in the course of six years obviously done some good things - things which in its mind merited its being re-elected on 4 February. However, it did more than that as both an elected, democratic Government, and as a political party underpinning it. It took decisions which were improper, and possibly even illegal, in its efforts to cling to office. It clearly abused the process of merely - and understandably - singing its own praises. An American publisher once said -

Obviously, a man's judgment cannot be better than the information on which he has based it. Give him the truth and he may still go wrong when he has the chance to be right, but give him no news or present him only with distorted and incomplete data, with ignorant, sloppy or biased reporting, with propaganda and deliberate falsehoods, and you destroy his whole reasoning process, and make him something less than a man.

This starts to get to the nub of the concern we have about the Government's blatant misuse of propaganda, particularly over the six-month period leading to the State election. It is clear that by August last year, the Australian Labor Party's - or was it the Government's? - polling began to show where its weaknesses were. It was no secret that the Liberal Opposition was openly campaigning on a variety of issues on which the Government was seen to be weak. Two areas which come to mind were the Government's record on law and order, and its record on family policy. Within a few months, by about August last year, the Government responded with a hastily thrown together package on the family, called "Putting Families First". It came together under the auspices of the Western Australian Family Foundation.

Around the same time, the Government launched a major political drive on the law and order issue, in which it went even further: It made use of the Commissioner of Police in a series of television advertisements which stunned many people, because these advertisements were seen by them as doing for the Government its political work. As the year wore on, the Government saw another part of its Achilles heel being exposed; that is, the area of senior citizens. It was at this point that a new element, and possibly the most serious debasement of Government propriety, entered the picture. Clearly the Government's research was showing that it was bad news among the elderly because by late December we all became aware of the care and respect for seniors program that became the subject of an intense advertising campaign by the Government. This was a campaign paid for by the Government.

But the worst element was yet to come. Midway through the campaign - at what point I am not sure - the care and respect theme and campaign ceased being a Government program and instead was revitalised as an ALP program. That constitutes the gravest breach of all. It is something the Auditor General, as an officer of this Parliament, should investigate. It is totally unconscionable that a Government should use Government-funded research to discover what the issues are, then use Government funds to promote and protect the political party's interests. It is doubly unacceptable that, when discovered acting in this way, the Government's research is virtually handed to the political party for it to use as a political tool for the party.

I want to refer to the actual advertisements. The first was called "Care and Respect for Seniors", a copy of which I have here and which appeared on 22 December in *The West Australian*. It appeared on many other dates as well, and also on radio and television. When the Government was found out, it quickly withdrew the advertisement under its guise as a Government publication, but lo and behold, it reappeared on 28 January at the height of the campaign as a Labor Party advertisement. And what was the theme? Care and respect for seniors. In other words, the Government having been caught out, the propaganda - because that is what it was by this point - was adopted by the Labor Party.

I put it to the House that if that practice was followed as a matter of course, one-party Government would emerge in Australia. The sheer power in the hands of the incumbent Government to commission research with Government funds and produce advertising with Government funds would simply overwhelm any Opposition.

The proof that the Government knew it was doing the wrong thing - that it realised that it had been caught out - was that the Opposition pursued it, firstly in Bunbury at the height of the campaign. In Bunbury I found a lot of adverse reaction to the Government-based advertisements because elderly people were phoning in on the hotline to the Alexander Library building in Perth and to the South West Development Authority in Bunbury. All the officers did upon receiving these calls was to refer the callers - usually elderly - to existing Government or private-based groups. Many of these became angry because they could not handle the extra inquiries. Their resources did not allow them to cope.

What was the result? That very day while I was in Bunbury the radio station to which I was speaking asked me whether there was really substance in my claims, so it asked a technician to play the cassette. What did they find? They discovered that in the previous few hours the Government had made the decision to withdraw the advertisement as a Government promotion. It was only later that it was reintroduced as party advertising.

Efforts to get to the bottom of all this have not achieved much. We do know, as a result of questions I asked the Premier last week, that \$10.4 million has been spent in 1987-88 in such areas as Government advertising in the field of tourism, health, State Government Insurance Office, lotteries and the R & I Bank. But fresh questions were needed to flush out further details. Nothing is volunteered.

What we do know now is that \$636 000 was spent on television and Press advertisements for the care and respect and family and law and order packages. That is, two thirds of a million dollars was spent by the Government on advertising which was a blatant attempt to prop up an ailing Government. The opinion polls published only a few days ago continue to show that it is a Government without the confidence of the people. But the \$636 000 is not the full picture either. Once again fresh questions are needed to discover what was spent on radio.

This is just another example of a lack of accountability. The Bill before the House aims to ensure that accountability. The Bill will not interfere with legitimate advertising programs undertaken by a Government. What it will do is to ban the use of such advertising within six months of an election day, or, put another way, three years and six months from the last election day.

In the case of an election called before the end of a four year term, the prohibition will apply from the period of the issue of the writs. The abuses that have occurred in this last election must never be allowed to recur.

I commend the Bill to the House.

Debate adjourned, on motion by Hon Fred McKenzie.

ADJOURNMENT OF THE HOUSE - SPECIAL

Legislative Council - Resumption

HON KAY HALLAHAN (South East Metropolitan - Minister for Local Government) [5.16 pm]: I move -

That the House at its rising adjourn until a date to be fixed by the President.

If there is a need for the House to sit it will not be next week, and we aim to give a minimum of one week's notice.

HON P.G. PENDAL (South Central Metropolitan) [5.17 pm]: The Minister has moved a motion, and I for one would like some clarification of the consequences were we to pass this. The content of the motion is that we should adjourn to a date to be fixed by you, Sir. I would be interested to know, as one member of the Chamber, whether that means that any constitutional process can intervene between now and the date which you might choose to exercise your prerogative whereby, through any exercise of the powers of the Governor, the Government may decide that this House or both Houses will not be resumed.

This is by way of an extension of an argument I raised in the course of the Supply Bill debate. It is no secret that this Government is in deep and serious trouble on a number of fronts. I am sure the Minister will pardon me if I say that many people are suspicious that the Government would prefer not to have to come back into the Parliament and confront it on some of those issues which are leading to its decay.

In the course of the Supply Bill debate it was asserted that the Government may decide it does not want to come back here. The assertion was made, at least by me, that the Government had sufficient Supply to continue to govern this State until something like next April. I suggested that although it did not seem realistic then, in the light of what has happened in the last day or two it now seems far more realistic. It is possible, I presume, for the Government not to come back to this House, and I would want an assurance before I voted for the motion that the Minister is saying that the constitutional position is as outlined in her motion, and that is that the prerogative is yours, Sir, to set the date for us to return to the Parliament, and it is not a device which the Government can use to see the Governor in order to close the Parliament down and prorogue it until some time in April next year. That has not been discussed among the Opposition parties, but I for one have those suspicions and I shall not vote for that motion until such time as I receive assurances about its implications regarding the Parliament.

HON ROBERT HETHERINGTON (South East Metropolitan) [5.19 pm]: I think Hon Phillip Pental should know that this is a normal motion and that, whatever happens, if we decided to adjourn until next Tuesday, the Parliament could be prorogued tomorrow. There is nothing to stop it.

Hon N.F. Moore: It can be prorogued while we are still sitting, as we found out once before.

Hon ROBERT HETHERINGTON: It may, but the fact remains that if members look at the prerogative of the Crown and the constitutional position the House will, of course - or it is highly likely that it will - be prorogued before it meets in August or September for the Budget session so that it will be a new Parliament and there will be an opening of Parliament again. We would expect that in the normal course of events, so this motion is the normal motion which allows the House to be summoned when it is decided that it should come back; but we cannot intervene in any way to stop the Governor exercising his prerogative if he wants to. I do not think that will happen.

Hon P.G. Pental: Except that he does that only on the advice of his Ministers.

Hon ROBERT HETHERINGTON: Naturally, he does that on the advice of his Ministers, and the Ministers will give him such advice as seems proper to them at the time.

Hon P.G. Pental: And your Ministers are very nervous at the moment.

Hon ROBERT HETHERINGTON: I am not in a position, any more than is Hon Phillip Pental, to know what will happen. I just know that by getting up and objecting to this motion on some specious grounds that he wants to be sure that the House will not be prorogued all Hon Phillip Pental is doing is flapping his gums together because he is not producing anything very useful so far as the Constitution of this State is concerned. The Governor has the right to prorogue as he sees fit. He exercises that right on the advice of his Ministers. Nothing has been indicated which would suggest that the Ministers will exercise that right in the immediate future -

Hon P.G. Pental: Neither was there when you shut the Parliament up three years ago.

Hon ROBERT HETHERINGTON: - and this enables the Parliament to be recalled whenever it is seen fit. I would think that after what has happened today Parliament could come back in a couple of weeks - or it might not; I do not know. It all depends, and I will be interested to see what happens.

Hon G.E. Masters: At least Mr Pental has given you a chance to make your last speech.

Hon ROBERT HETHERINGTON: No, I have not made it yet. I am going to make another one before I am finished. The member has distracted my thoughts so I will sit down; but the question Hon Phillip Pental has asked has no answer except to outline the constitutional position, which I happen to know.

Question put and passed.

ADJOURNMENT OF THE HOUSE - ORDINARY

HON KAY HALLAHAN (South East Metropolitan - Minister for Local Government) [5.22 pm]: I move -

That the House do now adjourn.

Adjournment Debate - Accountability

HON ROBERT HETHERINGTON (South East Metropolitan) [5.23 pm]: Before the House adjourns I want to make what I believe will be my last speech in this House, and I want to refer to accountability. It is not directly related to what was discussed earlier in debate on the Acts Amendment (Accountability) Bill - it is related tenuously - but it is something I think needs to be said.

We have heard a lot about the Westminster system of Government and I read with great care the Burt report - which, despite its great virtues, does not go into what is involved in the Westminster system of Government to any great depth. One of the things we must remember, and it has been implicit in what a number of members have said today but I want to make it more explicit, is that there are two kinds of democracy. There is majoritarian, or authoritarian, democracy - the kind of democracy where whatever the majority says represents the will of the people and is right. This is the kind of democracy where, once we have a majority, we can do what we like because the majority will is the moral right. This is the kind of democracy which we reject because we believe in liberal democracy - a democracy by which we have a representative system of Government, by which we choose a Government to govern us for the time being. But we regard the role of Government as being to enable each individual to develop his own capacities in his own way; we regard each individual as having certain basic, natural, or, as some people would call them, inalienable rights. We believe that if a Government transgresses these rights it has lost legitimacy because it is no longer carrying out its role. It does not matter whether it has a majority or not, there are certain rights which we believe a Government cannot transgress.

In our kind of polity we would not believe, if we were a Muslim Government, that if somebody like Salman Rushdie uttered blasphemy we could condemn him to death outside the due processes of law or that we would have those processes of law, because we believe everybody has the right to follow his own religious beliefs, his own morality and his own way so long as he does not harm others.

However, one of the great problems has been the problems in responsible government of responsibility, and it is a two-edged thing. Firstly, when we talk about responsibility we mean responsibility to something and we are responsible - the Government is responsible - to the people through the Parliament. As well, we believe in responsibility for. In other words, when we talk about responsibility we are in fact talking about accountability. The Government must be held accountable to Parliament, and the Government must be accountable for the things it does. We believe that because of the nature of human beings and their imperfectability we must set up in the Westminster system a series of checks and balances to make sure the Government remains accountable - and by "the Government" we mean all parts of the Government.

In this State, I would suggest we have set up six kinds of accountability. With responsible government we have made our Government accountable to Parliament, particularly to the lower House of Parliament, so that if the Government loses the confidence of the lower House of Parliament it must hold an election or resign. However, we found that this was not sufficient because two things happened. First, after 1870, with the growth of the Public Service the bureaucracy grew and burgeoned, and as it grew, so did the possibility to make mistakes and wield arbitrary powers grow, so we had to set up checks against those to protect the rights of the individual.

We tried to set up a whole range of new institutions to deal with them. In this State we set up the Public Accounts Committee, which later became the Public Accounts and Expenditure Review Committee, to look post facto at the spending of Government money. Then we set up the Ombudsman so that he could receive complaints from people and advise on both the legality and the wisdom of Public Service conditions. Then, over time, we set up a whole range of Government agencies - agencies which were there to carry out either business deals or those things which were thought not to be party political. Sometimes, of course, the real

reason they were set up, whichever Government was in power, was to make sure the Government could duck responsibility; but they were set up and many of them have worked well. The railways in Western Australia is an example of a Government agency with independence that worked well for a long time. Trans-Australia Airlines, now Australian Airlines, has worked well and responsibly; and a whole range of them have been successful. But at the same time as they grew and burgeoned they became too easily accepted; so we had to do something more about. We set up the Standing Committee on Government Agencies of this House; we have since also set up a committee of which I am the chairman, the Standing Committee on Delegated Legislation, to look at regulations put out by departments to see whether we can make sure they are not going too far and are not moving into areas where they are taking away the rights of individuals. Now we have the Acts Amendment (Accountability) Bill, which has just passed this House. However, the other thing, and this is one of the other interesting things about our kind of Government, is that the Government pays people to criticise it. The Leader of the Opposition is a paid member of Her Majesty's Opposition; people are paid to criticise the Government. If we are going to have committees which carry out the responsibility of looking into accountability and into decisions, those committees have to be well staffed.

Hon W.N. Stretch: For the sake of accuracy, the taxpayers pay the Opposition, not the Government.

Hon ROBERT HETHERINGTON: It has to come through the Treasury, which is controlled by the Government.

The PRESIDENT: Order! I interpose to remind Hon Robert Hetherington that there is no provision for an extension of time on this motion.

Hon ROBERT HETHERINGTON: In that case I will have to be very brief and say that we now have two committees in this House, and when the Standing Committee on Delegated Legislation was set up we had a Deputy Clerk who had legal training. We no longer have that; we have lost the chief adviser to the Standing Committee on Government Agencies. We now need adequate and decent provision for the staffing of these committees. I know the Clerk is trying to provide it, but it is something that needs to be looked into because without adequate staff, the committees are hogtied. They cannot do their jobs and therefore they cannot keep accountable the people who should be accountable. I therefore point this out because Governments find it difficult at times to find money; they find it difficult to make provision, but it is important, if we are to keep a Westminster system of accountability, that we service our committees properly and well. I hope this will be done within the next Budget and that the committees of this House can carry out their jobs as well as they have been doing and can do it even better.

Members: Hear, hear!

Question put and passed.

House adjourned at 5.34 pm

QUESTIONS ON NOTICE

R & I BANK - ADVERTISING EXPENDITURE

Disclosure Refusal - Authority

114. Hon P.G. PENDAL to the Leader of the House representing the Premier:

I refer to his answer to question 93 of 6 April 1989 and ask -

- (1) Under whose or which authority does the Rural and Industries Bank refuse to allow its advertising expenditure to be revealed?
- (2) Does this refusal meet the criteria of the Government's announced intention to be accountable?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

TOURISM - POINT KENNEDY PROJECT

Government Funding

115. Hon P.G. PENDAL to the Leader of the House representing the Premier:

- (1) Has the Point Kennedy tourist project a Government component in its financing either with the Western Australian Development Corporation, the WA Tourism Commission or any other State Government agency?
- (2) If so, what arrangements are being made in the light of the proposed abolition of the WADC?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

GOVERNMENT ADVERTISING - MARKETFORCE PTY LTD

Campaigns - Radio Costs

116. Hon P.G. PENDAL to the Leader of the House representing the Premier:

I refer to his answer to question 93 of 6 April 1989 and ask: What amounts were spent on radio on the three campaigns listed in parts (a) to (c) of the question?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

BUDGET - ALLOCATIONS

Remnant Vegetation - Fencing Off Subsidy

117. Hon D.J. WORDSWORTH to the Minister for Racing and Gaming representing the Minister for Agriculture:

- (1) What amount was set aside in this Budget to subsidise the fencing off of remnant vegetation?
- (2) Under what terms and conditions were these funds to be made available?
- (3) How many applicants did the Government expect to apply for such funds?
- (4) Have applications now closed?
- (5) What was the total amount requested?
- (6) Will extra funds be made available to cover any extra applications, if any, which exceed funds allocated?
- (7) Are greater amounts of funds to be made available in future years?
- (8) In which region were current allocations made?

Hon GRAHAM EDWARDS replied:

- (1) The amount set aside in the 1988-89 Budget is \$300 000.
- (2) The terms and conditions for receiving a 50 per cent subsidy on fencing of an area of vegetation are as follows -

- (i) the nominated land holder will enter an agreement to manage the area as native vegetation for 30 years;
 - (ii) the area will be protected by a special notice under the Soil and Land Conservation Act and details will be registered as a memorial on title;
 - (iii) the vegetation in question should be in good condition or be able to be regenerated to good condition;
 - (iv) the area will not be able to be grazed or managed in such a way that would degrade the conservation values of the vegetation;
 - (v) the land owner is responsible for the management of the area; and
 - (vi) the area will be monitored either by land conservation district committees or by the Government to ensure that the vegetation is maintained in a good condition.
- (3) It was estimated that between 200 and 300 land holders would apply for funding under the scheme.
 - (4) Applications closed on 15 March 1989 and are currently being forwarded from land conservation district committees, which have ranked them, to the Department of Conservation and Land Management.
 - (5) At this stage the total amount requested is unknown.
 - (6) No extra funds will be provided for 1988-89.
 - (7) \$1.5 million is to be allocated over the three year period of the scheme.
 - (8) As allocations have not yet been made no regional breakdown is possible. The State soil conservation advisory committee will consider reports from land conservation district committees and CALM in May 1989 and will make recommendations to the Ministers for Environment and Agriculture for the allocation of funds.

WORLD HERITAGE LISTING - WESTERN AUSTRALIA
Depredations - Protection, Contingency Plans

120. Hon W.N. STRETCH to the Minister for Lands:

In view of the statements made by the people involved with World Heritage listing that they are looking at listing large areas of Western Australia, has the Minister's department prepared contingency plans to protect the Western Australian estate against the depredations of these people, who are apparently seeking to control this land?

Hon KAY HALLAHAN replied:

The Government will consider the likely impact on the State of any proposed World Heritage listing when possible areas are clearly identified. Various Government departments will be responsible for assessing likely impact and what action should be taken in each instance.

I would draw the member's attention to the Legislative Assembly debate on the World Heritage question - *Hansard* for Wednesday, 12 October 1988 - wherein the Government's position on the control of land in the State was clearly explained.

PASTORAL LEASES - EXCISIONS

127. Hon N.F. MOORE to the Minister for Lands:

- (1) Is it correct, as reported in *The West Australian* for Saturday, 8 April 1989, that the Government has earmarked approximately 50 sites across the State for excision from pastoral leases?
- (2) If so, why will the Government not announce the names of the station properties which will be affected by these excisions?

Hon KAY HALLAHAN replied:

- (1) Approximately 20 sites have been positively identified as being of significant conservation importance comprising, in the majority, areas not regarded as having a high grazing potential. There are other areas in pastoral regions recognised as being of conservation interest but for which recommendations have yet to be developed.
- (2) It is intended that discussions will be held with affected lessees and industry representatives before public announcements are made.

ENVIRONMENTAL PROTECTION AUTHORITY - EMPLOYEES

Mandurah Resort

128. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Environment:

- (1) Is it correct that up to 120 members of the staff of the Environmental Protection Authority are to spend up to three days at a resort complex near Mandurah at the expense of the taxpayer?
- (2) If so, will he provide details of this exercise?
- (3) How many staff will participate in the exercise?
- (4) What are the objectives of this exercise?
- (5) What is the expected total cost of the exercise?
- (6) Will he issue a report on the success or failure of this exercise to achieve its objectives?
- (7) If no to (6), why not?
- (8) When will he release a report on the success or otherwise of the exercise?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

JANDAKOT MOUND - HOUSING DEVELOPMENT

Government Support

129. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Environment:

- (1) Does the Government support the development of land in the vicinity of Thompson Lake, Jandakot for housing?
- (2) If yes, has a study been carried out to determine the likely effect of a housing development on the ground water in the Thompson Lake, Jandakot area?
- (3) If not, why not?
- (4) If a study has been carried out, will he advise the recommendations and conclusions of the study?
- (5) Will he release the study to the public?
- (6) If not, why not?
- (7) Who carried out the study?
- (8) Has the Environmental Protection Authority carried out a study to determine the effect a housing development would have on the environment in the vicinity of Thompson Lake, Jandakot?
- (9) If yes to (8), will he advise the conclusions and recommendations of such a study, and will he release the study details to the public?
- (10) If not, why not?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

DAWESVILLE CUT - PROJECT STOPPAGE CLAIMS

130. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Environment:

- (1) Is the Minister aware of claims that the Dawesville Cut project may not proceed?
- (2) Is there any substance to these claims and, if not, when will work on the Dawesville Cut commence?
- (3) What is the projected completion date and cost of the project?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

LANDCORP - DEVELOPMENT PROPOSALS

Environmental Impact - Consideration

131. Hon G.E. MASTERS to the Leader of the House representing the Premier:

- (1) Does LandCorp consider the likely environmental impact on development proposals which it may have under consideration from time to time?
- (2) Does LandCorp seek advice from the Environmental Protection Authority or any other Government agency on the likely environmental impact on its developments?
- (3) If not, why not?
- (4) Is LandCorp seeking advice from the Environmental Protection Authority on the likely impact on the environment and ground water supply on housing developments in the vicinity of Thompson Lake, Jandakot?
- (5) If not, why not?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

TENNIS - HOPMAN CUP

Government Payments

132. Hon G.E. MASTERS to the Leader of the House representing the Premier:

- (1) What payments were made by -
 - (a) EventsCorp;
 - (b) Exim Corporation Ltd; and
 - (c) the Government of Western Australia to either attract to Western Australia or assist in the conduct of the Hopman Cup event?
- (2) Will the Minister provide a breakdown of these expenditures by purpose of the payment?
- (3) If not, why not?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

RALLY AUSTRALIA - GOVERNMENT PAYMENTS

133. Hon G.E. MASTERS to the Leader of the House representing the Premier:

- (1) What payments were made by -
 - (a) EventsCorp;
 - (b) Exim Corporation Ltd; and
 - (c) the Government of Western Australia to either attract to Western Australia or assist in the conduct of the Rally Australia event?

- (2) Will the Minister provide a breakdown of these expenditures by purpose of the payment?
- (3) If not, why not?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

LAND - LEASES, SPECIAL
Land Act - Granting

134. Hon G.E. MASTERS to the Minister for Lands:

- (1) How many special leases have been issued under the Land Act since 1 July 1987?
- (2) What are the special conditions that apply to a special lease?

Hon KAY HALLAHAN replied:

The member will be advised in writing.

RESERVES - ESTABLISHMENT
Land Act - Public Input

135. Hon G.E. MASTERS to the Minister for Lands:

- (1) Is there an opportunity for public input prior to Governments providing for reserves to be set aside under the Land Act?
- (2) If so, what are those processes?
- (3) If there is no invitation for input, why not?

Hon KAY HALLAHAN replied:

The member will be advised in writing.

BAKER LAKE - ENVIRONMENTAL PROTECTION AUTHORITY
Class A Reserve Recommendation

136. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Environment:

- (1) Is it correct that in the System 12 report released in 1975 the Environmental Protection Authority recommended in recommendation 12.13 that Baker Lake be declared a Class A reserve for the conservation of flora and fauna and vested in the WA Wildlife Authority?
- (2) Has this recommendation been adopted by Government?
- (3) If not, why not?
- (4) What is the status of this land at the current time?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

SWIMMING - WORLD SWIMMING CHAMPIONSHIPS
Taxpayers - Estimated Costs

137. Hon G.E. MASTERS to the Leader of the House representing the Premier:

What are the estimated costs to Western Australian taxpayers of both a revenue and capital nature that will be expended to -

- (a) attract to Western Australia; and
- (b) conduct the world swimming championships in Perth?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

SELECT COMMITTEE - ABORIGINAL FUNDING

Findings - Government Action

138. Hon E.J. CHARLTON to the Minister for Local Government representing the Minister for Aboriginal Affairs:

- (1) Has the Minister or her department studied the findings of the Legislative Council Select Committee into Aboriginal Funding?
- (2) If yes, what action does the Government propose to take to implement any of those recommendations?
- (3) If no, is it the intention of the Government to act on the report?
- (4) If not, why not?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

EVENTSCORP - GOLDEN OLDIES EVENT

Inbound Tour Arrangements Bid

139. Hon G.E. MASTERS to the Leader of the House representing the Premier:

- (1) Is the Premier aware that EventsCorp is now in the process of preparing a bid (in association with Security Travel to the International Golden Oldies Committee), in competition with other private sector inbound tour operators, for the handling of inbound tour arrangements for the Golden Oldies event, successfully attracted to Perth by EventsCorp?
- (2) Is this move to compete with the private sector in this way in direct opposition to his commitments to get the Government out of business?
- (3) Will he make a public statement about the Government's intentions in this matter to inform the many inbound tour operators who are concerned about the activities in this area of EventsCorp?

Hon J.M. BERINSON replied:

The member will be replied to in writing.

PETROLEUM RETAIL MARKETING FRANCHISE ACT - FRANCHISE

AGREEMENTS

Proprietor Exclusion

140. Hon NEIL OLIVER to the Leader of the House representing the Minister for Labour:

I refer to the Petroleum Retail Marketing Franchise Act and in particular section 11(1A) -

- (1) Why does this section exclude a person who has been a proprietor or lessor during a period of at least six years of being excluded as a person under that section as a "person with prescribed experience"?
- (2) Will consideration be given to amending the Act in order that proprietors or lessors with six years' experience other than a franchise are eligible to enter into a franchise agreement?
- (3) If not, why not?

Hon J.M. BERINSON replied:

The member will be advised in writing in due course.

EDUCATION - SCHOOLS

Enrolments

141. Hon NEIL OLIVER to the Minister for Local Government representing the Minister for Education:

- (1) What are the current enrolments at the following primary and secondary schools -

- (a) Wooroloo Primary School;
 - (b) Chidlow Primary School;
 - (c) Mt Helena Primary School;
 - (d) Sawyers Valley Primary School;
 - (e) Mundaring Primary School;
 - (f) Parkerville Primary School;
 - (g) Glen Forrest Primary School;
 - (h) Greenmount Primary School;
 - (i) Swan View Primary School;
 - (j) Middle Swan Primary School;
 - (k) Midvale Primary School;
 - (l) Bellevue Primary School;
 - (m) Upper Swan Primary School;
 - (n) Herne Hill Primary School;
 - (o) Bullsbrook Primary School;
 - (p) Governor Stirling Senior High School;
 - (q) Eastern Hills Senior High School;
 - (r) Swan View Senior High School; and
 - (s) Bullsbrook District High School?
- (2) What are the anticipated enrolments for these schools in 1990?
- (3) What are the enrolments at the preprimary schools located within either the school grounds or the immediate locality for 1989, and projected enrolments for 1990?
- (4) How many demountables are currently located on the above school sites excluding preprimary centres?
- (5) How many preprimary centres are utilising demountable buildings and how many are there at each preprimary school centre?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

ELECTORAL COMMISSIONER - RESPONSIBILITIES

Electorates - New Enrolments

142. Hon NEIL OLIVER to the Leader of the House representing the Minister for Parliamentary and Electoral Reform:

It is noted that the Electoral Commissioner, subject to section 5E(1) of the Electoral Act 1907 as amended, is the Chief Executive Officer of the Western Australian Electoral Commission. Further, section 5F(1)(b) confers on him the responsibility for the proper maintenance of electoral rolls under that Act.

- (1) In view of these responsibilities, how many new enrolments did he accept in the six months ending 31 December 1988 in each of the electorates of -
- (a) Swan Hills;
 - (b) Whitfords;
 - (c) Wanneroo;
 - (d) Dianella;
 - (e) Balcatta;
 - (f) Perth;

- (g) Murray;
- (h) Mandurah; and
- (i) Melville?

- (2) Was an acknowledgment sent upon receipt of their application for enrolment?
- (3) If the answer to (2) is yes, were any of these acknowledgments returned by Australia Post as not being known or having left the address, and how many were returned in each electorate?
- (4) If the answer to (3) is yes, what further action did the Electoral Commissioner take in accordance with section 5F(1)(b) of the Electoral Act?

Hon J.M. BERINSON replied:

As the member's question is relevant to the joint Commonwealth-State electoral enrolment agreement, some of the information to answer the question will have to be obtained from the Australian Electoral Commission. The Electoral Commissioner of Western Australia, Les Smith, is coordinating the compilation of the information and I will give the member an answer in writing in due course.

POLICE AIR WING - UNITS

Karratha and Port Hedland - Implementation

- 144. Hon N.F. MOORE to the Minister for Racing and Gaming representing the Minister for Police and Emergency Services:

- (1) Is it correct that the Government announced, prior to the election, it would station units of the police air wing at Karratha and Port Hedland?
- (2) If so, what action has been taken to implement this promise?
- (3) If not, what was the Government's pre-election promise?

Hon GRAHAM EDWARDS replied:

The member will be replied to in writing in due course.

GERALDTON MID-WEST DEVELOPMENT AUTHORITY - PER CAPITA EXPENDITURE

- 146. Hon E.J. CHARLTON to the Minister for Racing and Gaming representing the Minister for the Mid-West:

- (1) What is the per capita spending in the current financial year for the Geraldton Mid-West Development Authority?
- (2) What projects is the GMWDA currently involved in?
- (3) How many staff are employed by the GMWDA?
- (4) Which positions are political appointments?
- (5) Is the GMWDA likely to exceed its 1988-89 Budget allocation?

Hon GRAHAM EDWARDS replied:

- (1) Based on a regional population of 47 000, approximately \$17 per head.
- (2) Full details are available from the Geraldton Mid-West Development Authority. The major projects currently in progress are -

Geraldton foreshore redevelopment;
promotional video;
arts impact study;
Kalbarri River mouth feasibility study; and
Cue historic buildings restoration register.

- (3) Eight.
- (4) None.
- (5) No.

SOUTH WEST DEVELOPMENT AUTHORITY - PER CAPITA EXPENDITURE

147. Hon E.J. CHARLTON to the Minister for Racing and Gaming representing the Minister for the South West:

- (1) What is the per capita spending in the current financial year for the South West Development Authority?
- (2) What projects is the SWDA currently involved in?
- (3) How many staff are employed by the SWDA?
- (4) Which positions are political appointments?
- (5) Is the SWDA likely to exceed its 1988-89 Budget allocation?

Hon GRAHAM EDWARDS replied:

The member will be advised in writing.

CHILDREN'S COURT - JUVENILES*Parental Information - Supervision*

149. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Community Services:

- (1) Is it possible for a 15 year old juvenile to appear in a Children's Court without his parents' knowledge or representation from the Department of Community Services and, if so, will he outline such circumstances?
- (2) Has the level of supervision for community service orders been upgraded in the past twelve months and, if so, will he advise of the changes?
- (3) Will he advise who is responsible to ensure that community service orders are carried out?

Hon KAY HALLAHAN replied:

The member will be advised in writing.

JUVENILE INSTITUTIONS - HOLDING CAPACITY

150. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Community Services:

- (1) What is the holding capacity of each of the juvenile institutions in Western Australia?
- (2) What is the current number of juveniles being held at each institution on an individual institution basis?
- (3) Under what circumstances are juveniles held at the East Perth Police Station for periods longer than 24 hours?
- (4) Are juveniles held separately to adult persons at East Perth Police Station?
- (5) Are juveniles able to be held for periods in excess of 24 hours at the recently commissioned Mandurah police complex and, if not, why not?
- (6) If a juvenile is directed by the Mandurah Children's Court to be held in custody awaiting a further court appearance, which is the closest juvenile institution to Mandurah at which the juvenile may be held in custody?

Hon KAY HALLAHAN replied:

The member will be advised in writing.

JUVENILES - BAILING OUT REGULATIONS

152. Hon G.E. MASTERS to the Minister for Local Government representing the Minister for Community Services:

Is it possible for a juvenile to bail out another juvenile and, if so, under what circumstances would a juvenile be prevented from bailing out another juvenile?

Hon KAY HALLAHAN replied:

The member will be advised in writing.

EDUCATION - ISOLATED CHILDREN

Boarding Allowances - Increase, Election Promise

154. Hon N.F. MOORE to the Minister for Local Government representing the Minister for Education:

In the ALP election document "Education - Access to Excellence", a promise is made to increase boarding allowances for isolated children. Will the Minister advise -

- (1) The date from which the increase will apply?
- (2) The increased amount payable?

Hon KAY HALLAHAN replied:

The member will be advised in writing in due course.

CRIME - BROOKING SPRINGS STATION

Shooting Incident - Juvenile Conviction, Charges Laid

155. Hon G.E. MASTERS to the Minister for Racing and Gaming representing the Minister for Police and Emergency Services:

- (1) Is the Minister aware of an incident at the Brooking Springs Station on 29 November 1987 in which a young lady lost the sight of an eye as a result of a shooting incident?
- (2) Was a juvenile subsequently charged under section 19(1) of the Firearms Act with possessing an unlicensed firearm and did the juvenile appear in the Fitzroy Crossing Children's Court on 23 February 1988 and plead guilty to the charge?
- (3) If yes, what was the sentence imposed by the court?
- (4) Why did the police not charge the juvenile with the charge of causing grievous bodily harm to a person or some other charge relating an assault on the victim?
- (5) Did the police investigating the incident consider laying charges other than possession of an unlicensed firearm and, if so, why were these other charges not proceeded with?

Hon GRAHAM EDWARDS replied:

The member will be replied to in writing in due course.

STATESHIPS - AUSTRALIAN NEWSPRINT MILLS PTY LTD

Newsprint Contract

156. Hon G.E. MASTERS to the Leader of the House representing the Minister for Economic Development and Trade:

- (1) Did Stateships tender for the contract to ship newsprint from Tasmania to Sydney and Melbourne for Australian Newsprint Mills Pty Ltd for the five year period commencing 1 July 1990 and, if so, was Stateships successful in winning the contract?
- (2) Will he advise the number of vessels, size, type and cost of the vessels to be constructed by Australian Shipbuilding Industries (WA) Pty Ltd?
- (3) Does Stateships plan to acquire any other vessels during the next 18 months and, if so, will he advise on the type of vessel to be acquired?
- (4) On what routes will these vessels be used?
- (5) Is it intended that Stateships will continue to expand its overseas operations and, if so, will he provide details of the proposed expansion?

Hon J.M. BERINSON replied:

- (1) Yes. Stateships tender was not successful.
- (2) Number of vessels - three;
Size - LOA 92.7 metres
Beam 15.1 metres
G.R.T. 1599 (Oslo 65);
Type - Containerships;
Shipyard contract price - \$12 879 673 per ship.
- (3) There are no proposals for additional ships at this time; however, the opportunity to improve viability with and without the introduction of additional ships is under constant review.
- (4) Not applicable.
- (5) On the basis of what has been achieved to date, it is clear that South East Asia offers enormous potential for Western Australian exports. If Stateships can be used to facilitate exports economically, it can anticipate continued expansion of its operations in that region. There are no new proposals at this time, and any such proposals which may be forthcoming in the future will be considered on their merits.

FINANCE BROKERS - INSTITUTE OF FINANCE BROKERS
Unlicensed Persons - Business Claims

157. Hon G.E. MASTERS to the Minister for Racing and Gaming representing the Minister for Consumer Affairs:

- (1) Is the Minister aware of claims by some members of the Institute of Finance Brokers that a number of unlicensed persons are carrying out the business of a finance broker?
- (2) What action has been taken in respect of these claims and will he meet with members of the Institute of Finance Brokers to pursue this matter further?

Hon GRAHAM EDWARDS replied:

The member will be advised in writing in due course.

QUESTION WITHOUT NOTICE

QUESTIONS WITHOUT NOTICE - LEADER OF THE HOUSE
Absence

117. Hon P.G. PENDAL to the Deputy Leader of the House:

I take it that we will not have the opportunity to ask the Leader of the House questions today?

Hon KAY HALLAHAN replied:

That is right.

Hon P.G. Pendal: This is probably a good day for him to be absent.