

# Legislative Assembly

Thursday, 19 October 1989

THE SPEAKER (Mr Barnett) took the Chair at 10.45 am, and read prayers.

## PETITION - GRAYLANDS HOSPITAL

### *Prison/Forensic Unit - Establishment Opposition*

MR HASSELL (Cottesloe) [10.47 am]: I have a petition in the following terms -

To: The Honourable the Speaker and Members of the Legislative Assembly of the Parliament of Western Australia in the Parliament assembled.

We, the undersigned respectfully sheweth:

That the community is extremely concerned about Government plans to establish at Graylands Hospital a prison/forensic unit for mentally disordered offenders and persons who have committed serious offences but have been found "not guilty" by reason of insanity, particularly because such unit will now be in the heart of a residential area and close to a public primary school and private college and therefore your petitioners humbly request that:-

1. Plans to establish the prison/forensic unit be abandoned forthwith; and
2. Any future plan to open a prison/forensic unit within a populous suburb and next to schools and playgrounds be fully discussed with and justified to the community and all relevant authorities and interests before such future decision is made.

Your petitioners therefore humbly pray that you will give this matter earnest consideration and your petitioners, as in duty bound, will ever pray.

The petition bears 24 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

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

[See petition No 71.]

The SPEAKER: Order! It is becoming a practice in this House for members to conduct organisational meetings during the period of time set aside for petitions. I do not disagree with the need for this, however I disagree with the volume of noise that these meetings create. I would be pleased if members kept the noise to a minimum.

## PETITION - LEGISLATION

### *Citizens - Initiation and Veto Powers*

MRS EDWARDES (Kingsley) [10.50 am]: I have a petition in the following terms -

To the Honourable the Speaker and Members of the Legislative Assembly of the Parliament of the State of Western Australia in Parliament assembled:

The Humble Petition of certain Citizens of Australia respectfully sheweth:

That your electors and citizens will not feel themselves to be participants in a truly democratic State until the legislative procedures of the Parliament are complemented by a constituted power of enrolled electors to directly initiate public referenda of questions which, if assented to by a majority of the electorate, shall be made laws irrespective of the will of the Parliament; and

That your petitioners therefore request the Parliament to make laws in the year 1989 which will constitute the power of citizens both to initiate and to veto legislation by means of an equitable, practicable and accessible process.

And your Petitioners, as in duty bound, will ever pray.

The petition bears 20 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

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

[See petition No 72.]

## PERTH-JOONDALUP RAILWAY BILL

### *Second Reading*

MR PEARCE (Armadale - Minister for Transport) [10.53 am]: I move -

That the Bill be now read a second time.

The purpose of this Bill is to put in place the prerequisite legislative authority for the construction of a railway from Perth to Joondalup.

Clause 3 of the Bill states that it shall be lawful to construct and maintain a railway with all necessary, proper and usual works and conveniences in connection therewith along the line described in the schedule. Clause 4 provides for possible deviation of the railway to a distance of two kilometres on either side of the line. Both clauses 3 and 4 are normal provisions for railway enabling legislation. The schedule describing the route of the railway completes the Bill. The Director General of Transport's report on construction of the railway has been tabled in the House, which is a requirement under section 18A of the Transport Co-ordination Act.

Although the Bill simply authorises construction of the railway I will outline for the information of members the main characteristics of the northern suburbs railway project. In 1987 the State Government initiated the Northern Suburbs Rapid Transit Study for the north western suburbs of Perth. As a result of that study it was decided to proceed with an integrated bus-rail public transport system, the northern suburbs transport system. The northern suburbs railway will use the right of way already provided for a transit system in the Mitchell Freeway reserve. A copy of plan No CE 79225 and a system map of the proposed railway are tabled for the information of members, concurrent with the introduction of the enabling Bill.

The Perth-Joondalup railway, more commonly known as the northern suburbs railway project, is arguably the most exciting development in Perth's public transport infrastructure in the past 50 years. It will provide people in the fast expanding northern suburbs with an efficient, state-of-the-art rapid transit transport system. The rail line and its associated bus services, while functionally interdependent, will be equally important primary subsystems within the complete transport system. The railway is the radial city-northern suburbs link. The bus routes provide the cross-linkages from the transfer station to the residential and commercial areas. The northern suburbs railway will be connected to the Perth metropolitan area urban rail system at Perth Station and will use equipment and facilities common or compatible with that system. The rail line will be operated by Westrail under the overall public transport management and policy of Transperth as the responsible public transport authority in the Perth metropolitan region.

The principal features of the system will be that bus services will link widely spaced stations at which passengers will transfer to rapid transit rail services. Extensive parking for private cars will also be provided. The railway will extend from Perth to Burns Beach Road. It will follow the alignment of the Mitchell Freeway, deviating locally into the Joondalup City Precinct. Transfer stations will be designed as attractive, time efficient modal interchanges. The electric railway will have rolling stock, signalling and communications systems compatible and integrated with the other urban railways in Perth for maximum effectiveness. Trains will operate at speeds up to 110 kilometres an hour. Twenty-two sets of electric railcars will be needed. There will be seven stations on the northern suburbs railway and they are to be more widely spaced - 3.5 to 5 kilometres - than on the existing urban lines. Stations will be constructed at Glendalough, Stirling, Warwick, Whitfords, Edgewater, Joondalup and Burns. Options to build stations at Oxford Street, Wishart Street and Hepburn Avenue will be left open for the future.

The Perth metropolitan region is growing rapidly, particularly the Wanneroo and Joondalup areas in the north western corridor where the population is estimated to increase by over 100 000 by 2001. Longer term projections envisage a possible doubling of the population in the corridor within 50 years. The existence of a high quality electric rail rapid transit system is likely to encourage increased development on the route and this will assist the new railway

to maintain a significant share of corridor travel. The system is projected to carry 41 000 passenger journeys per day by 2001 and it will have significant environmental and energy conservation benefits.

The urban rail electrification steering committee will be responsible for implementation of the northern suburbs transit system project. Management by the steering committee will ensure close integration of the northern suburbs construction with the electrification project for the existing rail lines. It is required that a master plan be completed and endorsed by Government and that the funding options for the project be fully evaluated, which is the normal course for a development of this magnitude. Such requirements are expected to be finalised shortly. These matters are distinct from authorisation of the railway which is the matter now before the House, but I want to make it clear it is the Government's intention to proceed with construction of the railway and members would be aware that some \$10 million has been included in the 1989-90 Budget to start the project.

Overseas experience, particularly in western Europe, the United States of America and Canada, is that rail transit systems are built primarily to improve the quality of their transit services and to make them capable of attracting passengers. The result has been continuously accelerating construction of railway rapid transit systems throughout the world. This trend has occurred both because of rail's ability to provide a quality transport option and the inability of modern cities to cope with traffic if it is just car based.

The northern suburbs railway will provide an important initiative in the renaissance of rail passenger transport in Western Australia and it clearly demonstrates the Government's commitment to implement a comprehensive integrated multi modal urban transport system for Perth and its environs. I have pleasure in commending the Bill for the northern suburbs railway to the House.

Debate adjourned, on motion by Mr Court (Deputy Leader of the Opposition).

## COMPANIES, AND SECURITIES AND FUTURES INDUSTRIES, LEGISLATION (ACTS AMENDMENT) BILL

### *Second Reading*

MR D.L. SMITH (Mitchell - Minister for Justice) [10.59 am]: I move -

That the Bill be now read a second time.

Since July 1982 the law relating to companies and the securities industry has been substantially uniform across Australia. That uniformity was achieved by a form of cooperative federalism which has served the Western Australian and, indeed, the Australian business community very well. Under the cooperative scheme the National Companies and Securities Commission was established as the principal body responsible for the administration of the scheme. It reports to the Ministerial Council for Companies and Securities. The budget for the NCSC is currently provided one half by the Commonwealth and the balance between the participating jurisdictions in proportion to their population.

In addition, each jurisdiction is required to resource a corporate affairs office to assist in its administration of these scheme laws in their own State or Territory. The growth in the Australian business sector in the last decade led to many Australian companies having substantial operations in more than one State of Australia, with many of them having significant international operations. This growth has imposed very heavy demands on the limited resources of the National Companies and Securities Commission.

In response to the commission's need for additional resources to enable it to adequately regulate the Australia capital markets, the Ministerial Council decided at its meeting in March this year that those resources should be funded through increased fees, particularly in areas where the actual cost of performing functions is not met by the fee presently charged. The decision included targeting those parts of the business community which are the principal users of the commission's services, and imposing additional fees or levies on the annual returns of listed corporations and the holders of securities and futures industry licences. The fees which will ultimately be imposed are designed to raise approximately \$3.5 million nationally in a full year of operation. They will enable the commission to recruit some 38 additional staff over the next two years. The majority of these additional staff will be allocated to enforcement and surveillance functions by the commission.

The amendments to the various application of laws Acts made by this Bill are necessary for the application in this State of scheme regulations which impose fees, even though the fees imposed may amount to a tax. While the exact amount of the new fees has yet to be settled by the Ministerial Council, it is likely that the fee could be expressed as a percentage of the value of a company's listed securities. For example, a company with over \$150 million of listed securities could pay a levy of \$1 500 plus \$25 for each \$10 million of the value of its listed securities over \$150 million. In the case of takeover documents, the registration fee is likely to be expressed as a percentage of the consideration payable under the terms of the offer being made, with a minimum fee of \$2 000. Similar fees can be expected to be made in respect of prospectuses and section 170 statements. Additional fees are also expected to be raised from participants in the securities and futures industry by increasing the fees payable in respect of licence applications and lodgement of annual statements. An application for a dealer's licence, for example, by a body corporate could rise from about \$160 to \$1 500.

The Bill also substantially mirrors changes made to the Commonwealth (Fees) Acts which are designed to facilitate on-line computer access to the Corporate Affairs Offices' public records. I am pleased to say that plans are well in hand for the Western Australian Corporate Affairs Department to implement the computerisation of its offices as part of a nationally linked computer system by November this year. The Ministerial Council on Companies and Securities has approved the form of the Bill. The commencement provisions of the Bill are linked to the commencement of part IX of the Co-operative Scheme Legislation Amendment Act 1989 of the Commonwealth and are designed to ensure that uniform changes will be implemented throughout Australia at the same time.

I expect that each of the States and the Northern Territory have either passed or will pass in the near future similar amendments to their applications of laws legislation.

I commend the Bill to the House.

Debate adjourned, on motion by Mr Hassell.

## COAL INDUSTRY SUPERANNUATION BILL

### *Third Reading*

MR CARR (Geraldton - Minister for Mines) [11.04 am]: I move -

That the Bill be now read a third time.

During the course of the debate on this legislation yesterday the Deputy Leader of the Opposition raised some inquiries in regard to clause 5 of the Bill, which relates to reciprocal arrangements between the Western Australian scheme and coal industry superannuation schemes in the other States. In answer to his inquiries, I advise that the provisions in this legislation reflect provisions which were in the previous legislation. This Bill contains a transitional clause which provides that the arrangements which were in place prior to the coming into effect of this Bill will continue to be in effect. Reciprocal agreements are in place at the present time between Queensland, New South Wales and Western Australia for portability of retirement benefits. As I have said, these will remain in force under the new arrangements. At present each State is responsible for a person's service in that State. For example, if an employee works for 10 years in New South Wales and then transfers to Western Australia and works here for 15 years, at the time of his retirement his benefit will be paid for by both the States in proportion to the time he served in each State. In effect the benefit for the 10 years served in New South Wales is paid in that way, and similarly payment for the time served in Western Australia. I also point out that both Queensland and New South Wales have lump sum schemes comparable to the lump sum scheme we have in Western Australia.

On a slightly different point, a benefit in the new scheme is to allow someone leaving the industry to leave their money in the fund, attracting ongoing benefits until they reach retirement age when payment would be paid. Under the old scheme they would have attracted only the benefit of 3.75 per cent interest on the money they had left in the fund.

I hope those points answer the inquiries raised by the Deputy Leader of the Opposition. However, if they do not, and if he has further inquiries I will be happy to respond to him in writing.

**MR MacKINNON** (Jandakot - Leader of the Opposition) [11.06 am]: I thank the Minister for providing that explanation. The Deputy Leader of the Opposition has just been called away. However, I have made a note of the comments the Minister made, and I will pass them on to the Deputy Leader of the Opposition. If he needs amplification of those matters I will ensure he is directed to the Minister. However, I thank the Minister for taking the time and effort to let us have that explanation.

Question put and passed.

Bill read a third time and transmitted to the Council.

### STAMP AMENDMENT BILL (No 3)

#### *Second Reading*

Debate resumed from 28 September.

**MR MacKINNON** (Jandakot - Leader of the Opposition) [11.08 am]: In February this year the people of Western Australia went to the polls and were asked to vote for a future they could believe in, where taxes, charges and Government imposts were to be kept within the rate of inflation.

Members should look at the matters we have debated just this week - the financial institutions duty, the tobacco tax and now stamp duties. All of these have increased in the past well beyond the rate of inflation, and they have all been increased by this Government well beyond the rate of inflation yet again. The WA Inc monster has an insatiable appetite. Let us look at stamp duty in particular, which this Bill addresses. Two years ago, in 1987, the Budget papers showed that the State Government expected income from stamp duty to reach \$220 million.

I draw the attention of members to the Budget Estimates for 1989-90. The increases in the Budget include those imposed by this disgraceful piece of legislation and will bring in \$499 million. Three years ago the amount was \$220 million, so that represents a 127 per cent increase over three years. The rate of inflation would not have been running at 27 per cent but let us assume that it was. In that case, the revenue collected on stamp duty would represent a 100 per cent increase over three years.

Even the Government, with its thick hide, now acknowledges that the increased revenue is beyond the pale. It has received the message from the community, just as the Opposition has, that stamp duty is starting to bite. So the Government has committed itself to a review of stamp duty. How will the review be undertaken and how effective will it be? Prior to the election the Premier made a commitment in a statement to business people. It was a typical election promise - that after the election the Government would undertake a review of stamp duty; it would address the problem because the Government knew that it would receive plenty of flak.

On 5 September 1989 I asked a question of the Minister representing the Minister for Budget Management in the following terms -

- (1) Who is conducting the stamp duty review concerning the issue of mortgage duty on partly documented financing transactions?
- (2) When is it expected that review will be completed?

The answer was as follows -

- (1) The State Taxation Department and Treasury.
- (2) A number of complex issues are still to be resolved, but I aim to have the departmental report completed this year.

What sort of review will that be? If a review were conducted of the blood bank, we would not ask Dracula to undertake the work. The Government has asked the agency, which is now charged with the responsibility of manning the review, to get the maximum amount under the law. The Government has said, "See if we can get any more under the law." So much for the first review.

Question No 662, which I directed to the same Minister, read as follows -

- (1) Who is conducting the review of stamp duty policy on corporate restructuring with particular reference to submissions by the Association of Mining and Exploration Companies with regard to the impact of this policy on mining companies?

Members should bear in mind that these commitments were made prior to the election. It is now October 1989. The question went on -

- (2) When is it expected that review will be completed?

The answer read -

- (1) The review is being conducted by Treasury at the request of the Minister for Budget Management.

The Government is reviewing itself. So much for the totally independent objective review. The answer continued -

- (2) Treasury is awaiting the final submission of the Association of Mining and Exploration Companies.

That was bad enough, but we are now faced with this legislation which was introduced on 28 September. On 12 October members received a 27 page Bill for consideration. Bearing in mind the Government has been in power for more than six years and has committed itself to a review of stamp duty, why is it rushing to Parliament with this Bill during the first week back after the break? The Government wants to rush the legislation through Parliament immediately.

Letters have gone out to business organisations within the community, under the signature of Hon Joe Berinson, in the following terms -

The State Government proposes to conduct a review of the Stamp Duty Act, in respect of both the imposition of duty and the administration of its collection.

This 27 page Bill will make major changes to the Act both in respect of the imposition of the duty and the administration of its collection. The horse has bolted; it is well and truly down the road and it is almost out of sight - but the Government will undertake a review.

Mr Court: Who is handling this Bill for the Government?

Mr Pearce: I am.

Mr MacKINNON: I would have thought that it would be the responsibility of the Treasurer to be here. This shows once again how determined the Government is about keeping costs within the rate of inflation. The Bill imposes savage increases on the people of Western Australia. The Premier is probably down in his office meeting Kevin Edwards. Do members remember that other surreptitious meeting overnight with a man facing criminal charges? We had a Minister of this State meeting with him during the night.

Several members interjected.

Mr MacKINNON: Probably at midnight, again.

Mr Kierath: He probably drafted this Bill.

Mr MacKINNON: Yes, he probably did. This Bill is probably as a result of his advice.

I continue with Hon Joe Berinson's letter -

I am writing to invite any submission or comment which your organisation would like to have taken into account by the review.

How good will that review be? A Clayton's review! The letter continues -

The State's narrow taxation base requires that any amendments to the rate and application of stamp duty should, for all practical purposes, be revenue neutral.

In other words, it will not cost the Government anything. The Government is whacking up the tax by almost \$40 million. The Government says, "When we have the review, ignore the fact that we have just had an increase - it is to be revenue neutral." What a contradiction! The letter continues -

This does not preclude the possibility of changes to the Act to remove anomalies, or to discontinue the collection of duty which is not justifiable on a cost benefit basis.

The Minister is saying if we cannot find the mistakes, it will be revenue neutral. He will find another spot to whack on the pressure. The Minister goes on -

It would also not preclude significant changes in some areas, provided that these can be matched by proposals that would balance any major revenue loss.

I highlight that point. If the Government finds a mistake has been made it will say, "We have hit you hard on the left hand pocket but don't worry, we will now put our hands in your right hand pocket." The Minister's letter continues -

Parliament is currently considering a range of stamp duty amendments in the context of the current budget, -

That is absolutely untrue! Continuing the letter -

and it is planned these changes will take effect on 1 November this year. These amendments should please be taken into account in any comment that you make. Your response by 31 December 1989 would be appreciated.

That is how contemptuous and arrogant the Government has become. It has the hide to write to the business community saying that it will carry out a review of the imposition of stamp duty and the administration of its collection; people can make submissions but they will be considered after a major change in the Act.

Mr Kierath: The Government only goes through the motions.

Mr MacKINNON: Absolutely correct! An independent body should conduct a review of the stamp duty system in this State. At the end of the day it is the Government that makes the decision. The professionals in the Public Service advise it, but if the Government wants an independent review of the issue it surely to goodness does not have Caesar reviewing Caesar.

Turning to the Bill itself, the Government has shown that it has a rapacious and insatiable appetite. As a result of the stamp duty increases indicated in the second reading speech, revenue will increase to \$38.7 million. The Bill imposes a savage impost - up to 200 per cent in some cases - on small business people, people who should be encouraged to do better rather than be penalised.

Mr Kierath: Some friends of small business the Government turned out to be!

Mr MacKINNON: The Government is no friend of small business considering the financial institutions duty, fuel tax, stamp duty and payroll tax increases we have been discussing.

Knowing the Government is asking motorists, small business people, smokers and families through stamp duty to balance the WA Inc books, the worst aspect of all is that the Government now wants to tax charities - the voluntary groups in the community working for the aged and the infirm. The Premier does not have the decency to come into this House and explain why his Government wants to tax charities.

Mr Blaikie: He will tax the blind and the cancer organisations.

Mr MacKINNON: It is Dowding's tax on the disabled; nothing more, nothing less. It is little wonder that 1 500 people queued up outside the South Perth Civic Centre last night; when charities find out about this, we will have to get a bigger hall.

Mr Pearce: Did you say "we"?

Mr MacKINNON: I say "we" as the sort of person who supports that campaign. Every member on this side of the House supports the campaign and we are not ashamed to say so. We do not have to hide our light behind a bushel.

Mr Court: Even Cabinet Ministers' family members are right behind the campaign.

Mr MacKINNON: Absolutely.

The Government is attacking investors through this Bill and seriously taxing the mining industry, and is doing so with a haste rarely seen in this Parliament in recent times; we discussed this Bill in the first week back because the Government is desperate for money to prop up agencies such as the SGIC. Why is it that an organisation such as the SGIC, which is a finance house and meant to be an investor, is borrowing \$40 million from the Government?

Consultation is a word that does not exist in this Government's vocabulary as it operates on lip service at best. Many people to whom I have written in the community - about 50 different organisations - saw the Bill for the first time when it was sent to them by the Opposition. This Premier did not write to the Blind Institute, the Speech and Hearing Centre for Deaf Children or the Arthritis and Rheumatism Foundation to say that he was about to tax their organisations; he did not have the guts to do that. The Premier is running away and does not answer the questions about imposing a tax on charities.

Mr Hassell: But he spends tens of thousands of dollars on Government advertising and whenever there is a problem he advertises in *The West Australian*. I am holding the advertisement in today's edition which contains a picture of the Premier - he should be hiding his head in shame.

Mrs Beggs: That comes out of the Tourism Commission budget in the normal manner.

Mr MacKINNON: We will probably be seeing another television campaign with slogans such "a future we can believe in", or "come and have a holiday with me". How many charities did the Premier write to? Not one. So much for the tough Premier making tough decision; he is now taxing charities.

Mr Kierath: He is always attacking the weak.

Mr MacKINNON: The point raised by the member for Riverton is an important one; the Government supports a few select elite who have been its friends over the years. One would not be a friend of the Government if one happened to be handicapped, aged, a small business man, an investor, involved in a partnership or in a mining company.

Mr Kierath: It robs the poor to give to the rich.

Mr Hassell: It takes away from the blind to give \$350 million to Laurie Connell.

Mr MacKINNON: Absolutely!

Mr McNee: Where has the Premier gone?

Mr MacKINNON: He has run away because he is embarrassed.

Mr Clarko: Why is the Treasurer not here?

Mr MacKINNON: Good question. He is not here because he is embarrassed to face up to the reality that he is taxing charity to make up for lost money.

Mr Clarko: In my time here, a stamp duty Bill has never been discussed in this House without the Treasurer being present.

Mr MacKINNON: I would say that the member is right.

Mr Court: It is being handled by the Leader of the House.

Mr MacKINNON: He is not here either as he is just as embarrassed as his Premier.

This is a Bill on which we will spend a great deal of time in the Committee stage, but I will refer to some changes as a result of its provisions: The first matter involves non-instrumented transfers in business property which will be dutiable which will affect intangibles such as business names, franchises, goodwill etc.

Mr Peter Dowding: My understanding of the matter you have been wailing about is to regulate a system that has been in place for a very long time.

Mr MacKINNON: That is what the Premier would like us to believe. He will see as we go through the debate that what his Minister said in the second reading speech was a total misrepresentation of the facts, and that, in reality, the legislation is designed to tax charities. The Premier can say all he likes about the legislation being designed to get over problems, but the fact of the matter is that it is nothing more than a Dowding tax on the disabled; it is a vicious attack on the disabled people of this State to support those who still drive their Rolls Royces to the horse show. The changes made with respect to partnerships will result in taxes being imposed on goodwill and intangible assets, which in effect is a capital gains tax.

The State Government is not prepared to sit back and watch Canberra tax capital gains without it taking its bit. It is therefore imposing its own capital gains tax if the asset is transferred while the partner is alive. However, if a partner dies, it is a de facto death duty.



The Government of Western Australia is getting into the business of imposing capital gains taxes and death duties at a time when the move nationally should be to get out of them. I applaud Andrew Peacock's taxation package. It is the most visionary taxation policy brought down in recent years and one that abolishes capital gains tax. I can assure the Premier that all the small business people whom this Government is about to hit to leg with this stamp duty increase support the tremendous tax policy that will get rid of the capital gains tax and restore to them the incentives that have been ripped from them by Labor Governments, both State and Federal.

Mr D.L. Smith interjected.

Mr MacKINNON: The Minister for South-West is the last person who should be interjecting.

Several members interjected.

The SPEAKER: Order! The Leader of the Opposition has the call. While interjections can be considered appropriate from time to time, those interjections were not and it does us no good at all to carry on like that.

Mr MacKINNON: I was about to tell the Minister for South-West that, in terms of money being saved under Liberal Administrations, he is a classic example of areas where money can be saved. The Auditor General castigated the South West Development Authority in the most harsh terms of any audit report I have seen directed against the Government. The Minister had to resort to legal action to stop the newspapers from saying so. He hid behind the legal barriers and would not fight in public. There is plenty of money if people like him would stop wasting it.

The second area is the exemption that is being taken on chattels. Previously, when someone sold a house, the chattels therein were not dutiable. However, this Government has introduced a new tax - a tax on chattels. Duty on the average property transaction will now increase across the board by six per cent over and above the rate of inflation, bearing in mind that stamp duty goes up with inflation because it is imposed on the value of property, so it is a self-indexed tax. We have seen a tax on a tax. The indexation is built in and we are now seeing a massive increase of six per cent. The impost will be doubled.

Mr Kierath: It is another example of their creative accounting.

Mr MacKINNON: That is right. However, I have to give some credit, because the Government has excluded things like trading stock, materials, livestock for farmers, trade debts and farm implements. It is pleasing to see those areas exempted, but, on the whole, it is another attack on investors and businesses.

The third area relates to concessional rates of duty which apply to small businesses and home owners. Those rates are being increased from \$50 000 to \$85 000 to accommodate that new chattels imposition and also to allow for inflation. That is an appropriate increase and we support it. However, the next change is one that highlights the problems that this Government has to come to terms with in relation to home buyers. Currently, there is a \$500 first home buyer rebate on stamp duty. As the member for Applecross knows, we made a commitment in this area prior to the election and the Government has followed our commitment by allowing this \$500 rebate. If one lives above the twenty-sixth parallel the limit on the price of a home is \$120 000, and below that parallel it is \$80 000. Our figures were a bit better than that but, nevertheless, the Government followed our lead. Bearing in mind the interest rates in March were 15 per cent and are now 17.5 per cent and going up to 18 per cent, what is the Government doing about that?

Mr Court: Hawkie said they would come down.

Mr MacKINNON: He said before the election they would come down. Did the Government increase the \$500 first home owner rebate? Not on your Nellie, Mr Speaker. Interest rates have increased by that huge amount, but the rebate has not been increased. The price of a home qualifying for the rebate has increased from \$120 000 to \$127 500 in the upper limit and \$80 000 to \$85 000, an increase of less than 10 per cent in a year when property prices increased in Western Australia by 50 per cent. That is a drop in the bucket. Home owners have been left out.

I remind the House that, in 1987, the estimated income of this State from stamp duty was

\$220 million. In 1990 it is estimated to be \$499 million. That is a 127 per cent increase in three years. Despite that, the Government wants more. There has been a 127 per cent increase in three years and, incredibly, the Government wants more. The stamp duty on mortgages and other securities will now increase from 25¢ in every \$100 to 40¢ in every \$100 for the component above \$30 000. That is a 60 per cent increase. The tax has gone up already by 127 per cent in the last three years and the Government wants another 60 per cent on top of that. I cannot believe that. It will not apply to people's homes; they have missed out. However, every other property transaction faces a 60 per cent increase. I think that is disgraceful for a Premier who said, "A future you can believe in" with taxes and charges remaining within the rate of inflation. What a joke! Only Premier Dowding could make such a bald face misstatement of fact and not have sleepless nights.

The Bill allows for a concession to the insurance industry, which I applaud. The Taxation Office imposed upon the insurance industry and others stamp duty on stamp duty. For example, if stamp duty on \$100 were \$4, the Taxation Office, when assessing the amount, would tax the total amount of \$104 - people were paying stamp duty on stamp duty. The Government has removed that anomaly and I support that.

I support also the move to extend the exemptions for people who do their transactions in Western Australia on assets outside of the State.

Subject to the answers to questions that will be asked in the Committee stage, I support the power of investigation clauses which have been extended to overcome problems where there are no documents or instruments to verify a transaction. Previous amendments have been made to catch up with people who were getting around deals by not putting anything in writing because there was no instrument to tax. The gap currently overcomes that problem but the powers of investigation, should there be doubts in that regard, have been extended under this legislation and that is fair and reasonable. That is the clause which closes the loophole that enabled people with shares registered in the Australian Capital Territory to avoid paying stamp duty. For some time people had been using the Northern Territory for that purpose, but that loophole was closed and shares were then registered in the ACT. This clause will overcome that problem. I ask the Leader of the House whether the provisions with regard to the ACT will be retrospective and, if so, to what date?

Mr Pearce: It is not proposed to make them retrospective.

Mr MacKINNON: Why not?

Mr Pearce: Because it has not been announced. That is the normal thing with regard to these matters; they apply from the time of the announcement.

Mr MacKINNON: The second reading speech states that the Premier made an announcement in September last year on this matter.

Mr Pearce: The Premier said at that time that there was a need to deal with the matter, but he did not make a specific statement that legislation would be introduced. Because of the length of time which has elapsed, it is not proposed to make the legislation retrospective. It is a concession.

Mr MacKINNON: It is not a concession, it is an admission of a monumental administrative muck-up. The Premier should know about these matters, he has been involved in plenty of tax avoidance.

#### *Withdrawal of Remark*

The SPEAKER: Order! I cannot accept that statement as parliamentary.

Mr MacKINNON: I withdraw.

#### *Debate Resumed*

Mr MacKINNON: The Premier is an expert in tax laws and knows his way around them. Those who know anything about tax laws - this applies particularly to the Premier although the Leader of the House perhaps does not have such a detailed knowledge - will be aware of the history since the infamous days when the Liberals backdated legislation because of the bottom of the harbour schemes. When an anomaly is found in the laws, an announcement is made and clear indication is given that future legislation on the loophole will be applied from the date of the announcement. It could take six months or more to finalise, but the loophole is closed. The Bill before the House deals with other areas in that way, but omits this area.

I also advise the Government that it was not the Premier who made the announcement last September; the Minister for Budget Management issued a Press statement at the time. The Government cannot even get its second reading speeches right. That demonstrates how ignorant the Government is on tax law.

Mr Pearce: If you move an amendment to this Bill, the Government will accept it.

Mr MacKINNON: The Leader of the House has suggested that the Opposition should move an amendment and that the Government would accept it. That is a stupid statement because the announcement should have been made when the Press statement was released. Nothing can be done now with regard to closing the loophole retrospectively. The Government has mucked up this situation and the taxpayers of this State will suffer accordingly because the revenue will not be forthcoming. Not only can the Government not get its second reading speech right, but also it cannot get basic simple tax avoidance laws right. That is little wonder, bearing in mind that the Premier is an expert in the area.

The Bill also addresses some anomalies with regard to motor vehicle stamp duty. The changes made in that connection are by and large sensible, and the Opposition supports them.

I turn now to that part of the legislation which relates to charities. Let us once again consider how this Government tries to mislead the Parliament. The second reading speech states -

The State Commissioner of Taxation exercised, until recently, an absolute discretion in determining which instruments involving charitable purposes should be exempt. Generally, exemption was not granted where the transaction was of a commercial nature, such as the acquisition of an investment property not used directly for the charitable purposes of the organisation.

That is an absolute and total pork pie of the first order; it is not true. Exemptions were always granted in those cases, and a dispute arose 12 or 18 months ago with regard to the property of the University of Western Australia because the commissioner did not grant the exemption. The matter went to court and the commissioner lost the case. As a consequence the Government is providing that under this legislation no tax will be payable in areas relating to charitable purposes, but if a charity owns a property elsewhere which is being used for commercial purposes, tax will be imposed on any dutiable transactions. I note that the Premier is not listening because he now finds that he was wrong. This is a tax on charities, and we should reflect on what it means.

Let us assume that in my will I make a bequest to a charitable institution, for instance to the Speech & Hearing Centre for Deaf Children (WA) Inc with which I am involved. I may wish to bequeath \$50 000 to be invested in a fund, with the investment money going to that charity, or I may bequeath a commercial property, such as a block of shops, to the charity. The income from that commercial property would go to the institution. That would be classified as a commercial property and the charity would have to pay stamp duty on the bequest; it would receive the income but the capital would be taxed. There are many organisations such as the one to which I have referred and it is hard for them to raise money for their groups; many are setting up investment trusts and the like because they are looking ahead with regard to their finances, as the Speech & Hearing Centre did when I was chairman of that group. An investment group was set up in order to provide income in the long term. Any money bequeathed to such groups will obviously be invested in commercial transactions of one sort or another.

This Bill will impose a tax on any transaction within such institutions that involves commercial areas not being used directly by the charity - although the income goes to the charity. It is a tax on charities. If the Government wants these groups to become independent and to get off the backs of taxpayers it should give positive encouragement to their becoming involved in such investments and setting up trusts. That would give them some financial security and enable them to become more independent. The long term objective of the Speech & Hearing Centre and other such institutions is to be totally independent of Government. They do not want to be beholden to the Government and taxpayers, but they cannot become independent overnight. It will take even longer if every time they try to improve their financial situation the Government hits them for more money. It is a question of taking one step forward and two steps back. This Bill will hit those organisations hard, and the Government is proud of that. It is a disgraceful situation and I

will not tolerate a change which imposes that kind of tax on charitable institutions. This comes at a time when there are further threats against those charitable institutions due to a Government discussion paper relating to amendments to the Local Government Act. There is talk of imposing rates and taxes on these bodies; so not only will they be hit with further stamp duty, but with rates and taxes as well. Their viability will be threatened in the future because of this. So much for a Government that said, "A future you can believe in." That future is looking bleak for those people.

There is an exemption for stock exchange transactions in this legislation. I will read from the second reading speech to explain the context in which this appears, as follows -

In order to facilitate a more efficient settlement system being introduced nationally by the Australian Stock Exchange for the registration of transfers of marketable securities, the Bill provides for an exemption from transfer duty for brokers using nominee companies to temporarily hold title to securities pending final settlement of dealings. Similar concessions are being provided by all other States and Territories. As a pilot project to test the scheme has been in operation since 1 July, the exemption will operate retrospectively from that date.

As I said earlier, there was an announcement, retrospectivity was declared and this legislation now authorises it, unlike what happened with the other matter which the Government mucked up through its inadequacy. That is a move in the right direction, an incentive for stock exchanges that we have no problem supporting. Stamp duty paid by local government and Government departments on insurance policies is addressed sensibly in this legislation.

As I said earlier, small business is very important because it is probably representative of middle Australia. It has been ignored and forgotten by Labor Governments, both State and Federal. We see an example of that here where changes relating to chattels will place a further impost on those small businesses. I will give one example of this now and further examples during the Committee stage of the Bill. The Australian Small Business Association has compiled statistics on recent property sales. Members should bear in mind that I said earlier that this stamp duty imposes a State administered capital gains tax on these people and on their goodwill. The Australian Small Business Association says the following in relation to this matter -

In particular, the buying of video stores will be subject to massive price hikes because the "moveable plant" (stock) item of video tapes will now be dutiable. In a random selection of recent business purchases the price of a video store with a total purchase price of \$150 000 will increase from approximately \$1 312.50 to \$3 525.00 (+168%) and the price of another video store with a total purchase price of \$95 000 will increase from approximately \$525 00 to \$1 775 00 (+238%).

I am referring to stamp duty.

Mr Pearce: The Leader of the Opposition did not read page 26 of the Bill. That is exempt as stock in trade.

Mr MacKINNON: The goodwill is taxable, and the Minister well knows that. Those examples quite clearly indicate the impact of that capital gains tax on small businesses in Western Australia. The Opposition has fought long and hard to get rid of the capital gains tax imposed on small businesses at the Federal level. Very few members opposite have owned small businesses and so do not have the experience or understanding of what is involved with them. They do not know of the countless hours of time, effort and energy involved, or the countless hours of worrying about where the next cheque will come from to pay the staff. They do not know of the risks involved. All of that is done for a purpose: It is done because people like what they are doing and want to make some money at the end of the day.

That money comes predominantly when they sell the business and it can be used as a retirement nest egg or for investment in a future business. What does this Government want to do? It is saying, "We will tax that. We will impose a capital gains tax and kill the incentive of the small business person." It might be a "fisher person", as the Minister for Fisheries said the other day, on whom they will impose that tax. I find this legislation to be the most abhorrent I have seen in this House in recent times. Some aspects of it could be

supported, but most of it is disgraceful in the extreme, imposing huge tax increases against a whole range of people in the community. The worst thing is that it is a tax on those people least able to fend for themselves, the disabled. This is a disgraceful Bill and I will not be associated with it.

**MR BRADSHAW** (Wellington) [11.56 am]: It is incredible that since this Government came to power all we have seen is increases in taxes and impositions on the people of Western Australia. In its first year the Government introduced the financial institutions duty. A few years later we saw a tax on cigarettes and an increase in stamp duty. All we have seen over the years is increases and a greater drag-in of taxes from areas previously untouched. This Bill is another example of that. This year we have seen another round of increases in taxes; for example, increases in financial institutions duty, cigarette tax and petrol tax.

**Mr Pearce:** People who make those sorts of comments should live in New South Wales or Queensland which have the sorts of Governments that they want. If they did they would find that they are not only paying the same level of stamp duty on all these things, but they would not get any exemptions. The member for Wellington should check what happens in New South Wales and Queensland.

**Mr BRADSHAW:** Other States having those taxes is no reason to increase taxes in Western Australia. The only reason the Government wishes to increase those taxes and to broaden its dragnet is to make up for the deficit caused by its mismanagement of this State over the past six years and particularly in the past two to three years. If it were not for that we would probably be seeing a decrease in taxation in this State.

**Mr Pearce:** What about the problem in New South Wales?

**Mr BRADSHAW:** That is what mismanagement has caused over the past two years of Labor Government in this State.

**Mr Pearce:** What about Queensland?

**Mr BRADSHAW:** We are not talking about the other States; we are talking about Western Australia. If the Minister for Planning wants to go to New South Wales he should get over there; we would love to see the back of him as he has already messed up the education system in Western Australia.

**Mr Peter Dowding:** Does the member for Wellington know that the Teachers' Union is to make a recommendation today?

**Mr BRADSHAW:** Yes, we know that. However, we are not talking about pay but about what this Government has done to the education system in Western Australia over the past few years.

**Mr Peter Dowding:** It is probably one of the best systems in the world.

**Mr BRADSHAW:** The Premier should talk to the teachers.

Several members interjected.

**The SPEAKER:** Order! The member for Riverton should come to order.

**Mr BRADSHAW:** The broad effect of this Bill will be to drag in more revenue and create more impositions on the people of Western Australia, especially on the people who can least afford it. It is time we got rid of some of this draconian legislation and made things simpler so that people do not have to find their way through this maze of red tape and bureaucracy. All this Bill would do is increase that red tape and the maze of problems already encountered out in the business world.

**Mr Peter Dowding:** What did you do when you were in Government? You did not get rid of the Registration of Factories and Shops Act, which had been there for years and years; we did. You did nothing to minimise red tape when you were in Government. This Government has done more than that.

**Mr BRADSHAW:** The Premier may claim that as one of his Government's achievements for this State, but he has increased the size of the bureaucratic maze which has been imposed on the business community, individual householders and the ordinary people of Western Australia.

The Government wants to grab as much as it can from the people of Western Australia to

make up for its mismanagement of taxpayers' funds during the last three years. This Bill proposes to remove the exemption from stamp duty in respect of the chattels component of a property transfer. It is difficult enough now for first home buyers, and others, to purchase a home because of the increases in interest rates and stamp duty over the last six years, and the lowering of their wages because of the wages pause and wage restraint, which has dramatically reduced their disposable income; a further increase is now to be imposed on them.

This Bill creates a situation where people who want to own a business, and who may already be struggling to find the necessary funds, will be liable for increased stamp duty in respect of the change in the business partnership. Under this Bill stamp duty will also be charged on not just the net worth of the business but all its property, whether tangible or intangible. The Commissioner of State Taxation will have the power to treat goodwill, for example, as property of the business for stamp duty purposes. The situation may arise where a person takes over the proprietorship of a business, through an increase in the allotment of shares, for example; in the past that person would have had to pay stamp duty only on the increased percentage share of the proprietorship which was being purchased; it now appears that the total value of the proprietorship of that business will be subject to the payment of stamp duty.

The Commissioner of State Taxation will have the power to assess the value of intangible assets, and to charge stamp duty accordingly. It is quite incredible that the commissioner should have this power. I was talking to a man the other day who bought a property a year or so ago, at arm's length, without his wife or family being involved. The commissioner decided that the amount he had paid for that property was not high enough; he increased the value of the property to what he believed to be its correct value and charged the purchaser stamp duty on that value rather than the value for which he had bought the property. I believe that if I were to buy a property valued at a certain price, I should pay stamp duty only on that value; not on the value which the commissioner believes appropriate.

I find it completely abhorrent that charitable organisations will now be caught in the stamp duty net. Those charitable organisations have been established for the specific purpose of helping people who are less fortunate than ourselves, and it is difficult enough for those organisations to raise money without this Government's trying, in its money hungry way, to grab money from them. If an organisation such as the Royal Flying Doctor Service decided to take on a franchise to sell some Batman T-shirts, for example, it would become liable for the payment of stamp duty on the amount that it had paid for the use of that patent. These organisations should be given as much help and assistance as possible, and should not be dragged down financially by this Government. This will cause an astronomical loss of morale to the people who are trying to run these organisations; they will lose heart in their endeavours to raise funds.

Where the shares of a Western Australian incorporated company are used as an instrument of security, the Government in the past has charged stamp duty only in respect of shares on the principal register in Western Australia; the situation now is that shares kept on the register of a State or Territory where stamp duty is not payable on security instruments will be subject to stamp duty.

This legislation is extensive; the Government aims to cover every angle in order to grab as much money as it can from the people of Western Australia. However, I am sure there will still be some loopholes in the Bill, which people will try to work their way through to avoid paying stamp duty. It is about time we started to get rid of the red tape which has been imposed on those people who are trying to live a normal life or run a business, and get back to the simple things in life. It is time the Government started to look at ways of reducing this maze of red tape which faces people who are running a business or seeking to purchase a home. We should look at ways of legislating to try to withdraw a few of these Bills.

Mr Pearce: That is your idea - bring in a Bill!

Mr BRADSHAW: How does the Minister think we will get rid of the legislation on the Statute book? We have to bring in a Bill to get rid of that legislation which is in place.

Mr Pearce: Your argument was that we already have too many Bills; you are now proposing to bring in another Bill.

Mr BRADSHAW: I know it may sound stupid, but that is the only way to get rid of this

legislation. It is about time we examined our legislation to find out what is not needed. Ninety per cent of it is not, but all we do is bring in more and more legislation to make life more complicated and costly for the people.

Mr Pearce: Every year I introduce a Bill to repeal legislation.

Mr BRADSHAW: Not very much has been repealed. The Government is only repealing Acts nobody uses any more. We are talking about things the Government is using.

Mr Pearce: One of the members in the other place put forward the argument that we should not repeal Bills just because they are not used any more.

Mr BRADSHAW: The Minister is twisting what the member said. Until we bring in legislation to repeal Acts of Parliament which are still in operation and get rid of this red tape -

Several members interjected.

Mr BRADSHAW: There is a difference between what I am talking about and what the Government is actually doing. It is really doing nothing. I oppose this Bill. It is time for people to stand up to this Government and say that enough is enough. It was pleasing to see the number who turned up to the meeting in South Perth last night. This feeling will spread throughout the community. People now realise how bad this Government is. All this legislation has been brought in to pay for the costs this Government has incurred over the last three years.

MR MENSAROS (Floreat) [12.11 pm]: I have some comments to make, particularly on the Premier's interjection when the Leader of the Opposition criticised the provision regarding charitable organisations. I do this particularly so that the Minister can reply, because the new provisions of the Interpretation Act provide that, in the event of doubt, the courts are entitled to interpret Statutes by taking Parliament's intentions into consideration. As a result, the Minister's reply would act as a guide to the courts as to how to interpret this clause.

Mr Pearce: I take the hint; I should not get this wrong.

Mr MENSAROS: I always enjoy a debate with the Minister. It is because of his mental capacity, I take it, that other Ministers often relinquish their duties and give them to him.

I refer to clause 11, which deals with charitable organisations. During the debate the Premier interjected and said to the Leader of the Opposition that nothing has changed; the Bill reaffirmed what was the status quo. If that is the position, there would not be a great deal of concern, but I cannot see, from reading this clause, that no change is envisaged, particularly as the second reading speech referred to the Supreme Court decision in connection with the University of Western Australia's case. According to the Minister introducing the Bill, the provisions of clause 11 are there to close what the Minister calls a loophole. The decision of the Supreme Court was that if a charitable organisation, or a university in this case, inherits by bequest certain property, and it puts that property to its normal use - indirectly that would be for the benefit of the university - no stamp duty should be paid on it. Clause 11 proposes a new section 40, and that section will provide for the commissioner to accept conveyance, transfer and so on for a gift which is a voluntary disposition of property for a charitable purpose, or a contract of sale for charitable purposes only, where the property will be occupied solely by the charity, or used only and directly for charitable activities, or for non-commercial purposes, or improved and sold for charitable purposes.

The SPEAKER: May I ask those members on my right and on my left who are conversing in fairly loud tones to do so in a quieter fashion?

Mr MENSAROS: Take the example of a city building bequeathed to the university. It does not serve the university's purpose. Take, perhaps, the case of a charity. The building does not serve the purposes of the charity directly; it may have commercial or possibly residential tenants. It is let, and the income serves the charitable organisation indirectly. The income augments the normal revenue of the charitable organisation and is used for charitable purposes. But the exercise is indirect, so my interpretation of clause 11 is that the document where the bequest is made will be subject to stamp duty. That is contrary to what the Premier said when he interjected, as he often likes to do so lightly. He said words to the effect that, "Nothing has changed; the status quo remains."

I would like the Minister to make it absolutely clear and clarify whether these charitable organisations can expect, as in the past, that they will be able to inherit, for want of a better word, a property which may bring in some profit and therefore indirectly serve their purpose. I have been approached by two charitable organisations with this precise question. They have had different legal advice. I hope that my interpretation of the Bill is not correct and the leader of this Government was right when he said by interjection that the Bill did not change the present situation, therefore the clause should be interpreted in that way. I would be grateful if the Minister could give us this explanation so that in future the judicial authorities can be guided by the obvious intention of the majority of this House which introduced the Bill.

**MR WIESE (Wagin) [12.19 pm]:** I echo the remarks made by all previous speakers on this side of the House with regard to this Bill and what it is doing to our community. I echo the remarks about what I believe is the continuing policy of this Government to hit small business harder and harder and to attack the very people in this community who are providing the jobs and wealth that are carrying the community at present.

Small business is the major employer of workers in this community - it is the major provider of jobs and this State relies on it. This Bill contains a series of increases in stamp duty imposed upon small business in this State and continues the relentless and ruthless attack the Government has embarked upon this year and in previous years. It is a continuation of what the Government has been doing, certainly since I came into this Parliament, to bleed small business.

One cannot help but wonder how long small business can go on carrying the burden. I know, and I am sure many members on this side of the House know, that already many people in small business are trying to get out because they have had enough. They have reached the point where they can no longer profitably trade and employ people. We know that and it is time members of the Government became aware of what is happening to small business people in this community. It is time the Government accepted the fact that it cannot continue to provide jobs and pick up the slack when people are put out of work because small business can continue to function no longer. It is not a duty of Government to move in and replace what has been a function of small business for as long as the Australian economy has functioned; that is, to provide employment and be the engine room of the economy.

The Government is slowly but surely endeavouring to move into that position, which traditionally has been the position of small business. That is not good, and it is time the Government reassessed the effect of the policy it has embarked upon and reversed the direction in which it is going. By this Bill the Government, and the State Taxation Department as an instrument of Government, is perpetuating a continuing policy to remove from small business people a little more of their margin by closing up the taxation regime it imposes, especially on small business.

**Mr Pearce:** You are lucky there is no stamp duty on hyperbole.

**Mr WIESE:** I am sure the Leader of the House or some of the people in the department will find a way to impose one.

**Mr Cowan:** The only thing that puts the Leader of the House off is that he knows he would be the biggest payer in the State.

**Mr WIESE:** I am sure there would be a ministerial exemption.

The taxes imposed on this community in the past few years by the State Taxation Department, and some of the rulings it has made, really go beyond the bounds of fairness and do not allow small business to function. As an example, I refer to the situation in respect of payroll tax that eventually I managed to have changed in this Parliament. Specifically laid out in the Act which applies to payroll tax, and in every amendment that progressed through this Parliament for about 10 or 12 years, was an exemption for persons involved in a particular section of industry, running a certain type of operation. They were always intended to be exempt from the tax, but the State Taxation Commissioner found a loophole. Because of an oversight in the Bill he could not reassess a situation back further than 12 months. The commissioner admitted that it was a loophole, that it was wrong, and that the exemption was intended when the Act and amendments were drawn up, but he continued relentlessly to use that loophole to impose payroll tax on people whom the Act had



specifically exempted. That was most unfair and I do not believe it should have happened. Those people should have had their payroll tax refunded but they did not and the commissioner refused to accept even the possibility that that should be considered.

That was a gross injustice to many people in the State by the State Taxation Commissioner, and it speaks poorly for the commissioner and this Government that once the anomaly was brought to their attention it was nearly two years before it was corrected. Throughout that time the State Taxation Commissioner - and I presume he had the okay of the Minister - continued to use that loophole to rip a little more out of the small business community, and that same attitude is apparent in this Bill. The State Taxation Department is determined to reap - and I was almost going to say rape - from the small business community every cent that it possibly can.

Mr Pearce: If you do not know the difference between reap and rape, your farm practices must be very interesting.

Mr WIESE: It all depends on one's point of view and whether one has had a little bit harvested off the top or whether one has been completely and utterly - and I will not say the rest. We are talking about a Bill that reflects everything in this Government's attitude to small business. I do not like it and I am strongly opposed to many of the measures contained in the Bill.

I want to refer to the Minister's second reading speech and comment on the fairness or otherwise of some aspects of it. They have been dealt with already by previous speakers, so I will not spend much time on them, but I want to mention them to make it clear that the National Party is very disturbed by the contents of the Bill.

The fact that this Bill will ensure that the chattels component of any property transfer will become liable for duty reflects both of the aspects to which I have already referred: It reflects the Government's attitude to small business and to the citizens of this State when it comes to putting its hands in their pockets, because both those sectors of the community will be quite sorely hit by the measure which imposes stamp duty on chattels. It cannot be justified, it is most unfair and I hope we will be able to clarify some aspects of it when we reach the Committee stage of the Bill, especially its effect upon the farming community and partnerships.

However, overall the imposition of stamp duty upon chattels, as is proposed in this Bill, is most unfair. It is something for which the Government should be strongly reprimanded. The Bill looks specifically at the aspects of valuations of businesses which are considered when stamp duty is being imposed on the sale of a business or a property. The Bill will ensure there will be no mistakes about how business names, copyright, licences, franchises and the like will be treated when it comes to the valuation of property for transfer and duty purposes. Once again this clause will inflict a major blow on small business people and people who are buying or selling a small business. I believe the commissioner already has great powers to assess the value of such items. I wonder exactly why he is doing this. I suppose it is because he wants to make his job easier and simpler, and to make it harder for the small business owner when it comes to disagreements or arguments about whether certain items should be included in the value of a property transfer for dutiable purposes. It worries me that when one deals with cases like this - the case, for example, of a small business person having to argue with the State Taxation Commissioner about whether certain items should be included and what value they should have - one finds that small business people are powerless when it comes to such disagreements with the State Taxation Commissioner. It is most unfair but what happens in reality is that the small business owner is forced to bow out and pay the duty, even though he feels he is being unjustly treated. That is because it costs him far more to argue with the commissioner than it would cost him to pay the duty, so he takes the easy way out and pays up. The commissioner has his way, and that is probably where we are getting closer to "raped" than "reaped" in respect of stamp duty from small business proprietors.

In his second reading speech the Minister referred to what he called the common evasion practices where property purchasers overstate the value of chattels, which to date have been exempt from duty. I have already given the National Party's views on that matter, so I will not dwell on it. However, that clause highlights something I strongly dislike about this Government, which is the implication through this clause that, firstly, an evasion practice

exists, and, secondly, that purchasers overstate the value of chattels. The Government implied that because this is happening it needed to change the law to ensure that all these chattels were taxed. Draconian powers are already available to the commissioner to ensure this practice does not occur. The commissioner has the power to revalue or reassess the value of properties and any other items which are dutiable; he already has draconian powers to impose fines. The basic level of the fine is a doubling of the duty. That is a pretty draconian fine to ensure compliance. I wonder why the State Taxation Commissioner is using this excuse. Is it because he finds it easier than using the powers he already has to ensure compliance with the sections of the Act he thinks are being evaded? If it is a common evasion practice, why has the commissioner not used the powers he already has to ensure that such practices do not occur?

Very briefly I refer to comments made upon the increase in the value limits applying to home buyers in the \$500 stamp duty rebate scheme we recently passed in this place. What a magnificent increase! In respect of those valuations, the rate increases by \$5 000 from \$80 000 to \$85 000. The average price of a home transaction in this city is \$97 000 or \$98 000, so the Government is not raising the exemption limit even to the average price for which a home changes hands in this State at the moment. Members have already referred to the increase in the rate of duty from 25¢ for every \$100 to 40¢ for every \$100 as a component of loans above \$35 000. The Minister, as is typical of Ministers in this Government, did what was done in respect of the payroll tax legislation and the financial institutions duty legislation. When the Minister introduced this Bill he endeavoured to portray this increase as being a minor increase which would not really hurt or harm the general public. However, as I pointed out in the debate on FID, where there was a increase of 70 per cent in the rate of duty, the increase is not minor. I hope the media start to bring this to the notice of the people of Western Australia. This is not a minor increase of 15¢ for every \$100; it is a 60 per cent increase in the rate of duty imposed. The Government continues to try to portray these increases as minor. It is time the general public were told, as members on this side have tried to tell them here and outside this place, just what these increases represent. The media and everyone involved in the system of government must let the public know that the so-called minor increases are increases in the order of 60 per cent or 70 per cent in the rate of taxes imposed. In fact, they are major increases; the Government has tried to portray them as minor, but these increases will have a significant effect on the general community of this State, and small business people in particular because they are not able to carry those additional costs. Although these costs are imposed on small businesses, they flow through to the general community. That point needs to be noted by everybody.

In his second reading speech, the Minister lightly passed over the expansion of the powers of the commissioner in relation to investigations. One amendment to the Bill provides the authority for the commissioner to investigate and obtain records if he considers a transaction is dutiable. The amendment which deletes the words "relevant thereto" allows the commissioner to enter any business, or any household under investigation, to discover whether a dutiable transaction has taken place. In the past the commissioner could only enter such a place to conduct an investigation and to look at or remove papers if they were relevant to his investigation. Therefore, the removal of those two words from the relevant clause represents an enormous expansion of the commissioner's powers. He will be able to enter an establishment and remove anything he wishes, regardless of whether those things are relevant to any matters being investigated. This draconian measure has been passed over lightly by the Minister. Parliament should not treat that matter lightly. The amendment should be rejected wholeheartedly by Parliament because it expands the powers of the commissioner to a great degree. Every person in Western Australia should be up in arms about the resultant infringement on the rights of the individual.

I turn now to the imposition of stamp duty on the transfer of vehicles. I am sure that the Minister would like me to pass over these matters quickly and lightly, but I hope that my message is getting through to him.

Mr Pearce: The member can take all the time he wants - or five minutes, whichever ends sooner.

Mr WIESE: The community is not aware of what the Minister is trying to put over. I hope that I can convince the community that this Bill is grossly unfair because it imposes very high levels of taxation upon the community.

At the moment stamp duty on motor vehicles relates to the market value of any motor vehicle. The commissioner imposes a valuation on the transfer of property despite the fact that the true value of that property is substantially different. The same action occurs in the case of the transfer of motor vehicles. The purchase price of the motor vehicle does not matter. Perhaps a person has bought a motor vehicle at a fleet owner's discount at \$2 000 below the advertised market price. The commissioner imposes stamp duty on the market price regardless of the purchase price. That is a gross injustice; it is gravely unfair. Stamp duty should be imposed upon the price at which the vehicle was purchased. Another unfair situation is where a person wishes to transfer a vehicle to a member of his family and no money changes hands. Why should that person pay stamp duty on what the commissioner deems to be the value of the vehicle?

I have attempted to highlight some aspects of the Bill which are obnoxious and grossly unfair. Stamp duty is also imposed on charitable bodies under the provisions of this Bill. I do not have the time to place much emphasis on this aspect; suffice to say, the Government and the taxation commissioner should consider what charitable bodies do and where their funds are spent. If the commissioner deems that the business of charitable bodies is stamp dutiable, he and the Government should consider how those profits are to be used. In virtually every case those profits are used for charitable purposes and stamp duty should not be imposed in this way.

**MR COURT** (Nedlands - Deputy Leader of the Opposition) [12.49 pm]: The comments made by the member for Wagin are very pertinent and reinforce some of my concerns about the proposed changes to the stamp duty levy. The imposition of this tax has upset many sections of the business community, as has the review of the stamp duty provisions to be carried out by the Government. Submissions have to be made by the end of the month; meanwhile this Bill provides for major changes to the stamp duty legislation.

That is not the way to do that sort of thing. With all forms of taxation, problem areas arise with interpretation and evaluation, and if one is to have an assessment of the stamp duty provisions, such a major piece of legislation should not be introduced until the review is completed. This State has been receiving record levels of revenue from stamp duty from a buoyant stock exchange and property market. The Government is preparing itself for a down turn in activity due to the way in which it is handling the State which will result in less tax collection. Therefore, it is bringing in these changes which will result in huge increases in stamp duty collection.

I find it rather strange that the Minister for Environment is handling this Bill.

**Mr Pearce:** It is the Leader of the House.

**Mr COURT:** If it is not to be handled by the Treasurer, it should be handled by the Premier - that is not a reflection on the ability of the Leader of the House, but it is not an area for which he is responsible.

**Mr Shave:** He is looking for a promotion.

**Mr Pearce:** One should never knock back these opportunities.

**Mr COURT:** The Leader of the House did not do a bad job as stand-in Premier last week when the rest of the crew were out of town; he is so far removed from the deals taking place that he could be one of the front runners for that position.

**The DEPUTY SPEAKER:** Order! I remind the speaker that we are dealing with stamp duty.

**Mr COURT:** I refer now to the effect this Bill will have on small business. The member for Wagin hit the nail on the head regarding the changing situation with chattels. What can and cannot be done is spelled out in the corporate stamp duty provisions; strong powers exist. In fact, the member referred to them as draconian powers which make sure that avoidance does not take place. The Government's intention is to widen the net to collect more stamp duty. If the current provisions are abused, it is quite easy for the taxation officials to go in and ensure that the proper chattels valuations are made. This Bill will result in a large increase in the collection of stamp duty. Those businesses which are largely made up of chattels will face a hefty increase in stamp duty payments.

During the Committee stage of the legislation we will give examples of how these new provisions will affect small business. I remember that when this Government first came to

office it decided it would be friends with small business. The then Deputy Premier was made Minister for Small Business after the Opposition appointed a shadow Minister, and the Government kept increasing the budget of the Small Business Development Corporation so that it could claim it was doing something for small business. But that became irrelevant when it introduced FID and increased payroll tax and stamp duty collections.

Mr Gordon Hill: Do you say that the Small Business Development Corporation is doing nothing for small business?

Mr COURT: I am saying that small business is not helped by the doubling of the budget of the Small Business Development Corporation; it would be helped more by lower taxation.

Mr Gordon Hill: I accept what you are saying about the Small Business Development Corporation; but are you saying that the Government is doing nothing for small business even though we have a Small Business Development Corporation?

Mr COURT: I suggest that the Government is doing a lot to damage small business and has lost support from that area despite all the rhetoric and public relations exercises directed at the small business community; the Government will be battling to find a supporter because that community is hurting. The Minister should ask them how they go about paying interest rates and how they are hurting as a result of the pilots' strike. The Labor Party wants the community to believe that Australia in 1989 can operate without an airline system.

Mr Pearce: You should talk to your brother about that. You should have chat with Geoffrey; he has a lot more brains than you in some respects.

Mr COURT: I am having a rough trot.

Mr Pearce: And you were so nice to me earlier.

Mr COURT: When we are in Government in January I shudder to think what the Leader of the House will bring up about my brothers - I will have the same problem as the Minister for Education.

This airline dispute is a classic example of how the expressed interest of the two airlines and Labor's great Federal leader got together, and the small business community is paying very dearly for it. Australia cannot operate without an airline service in 1989 and it is about time the Government did something about it. It might be successful in crushing the pilots, but one day it will rue the industrial relations practices it decided to employ.

I refer now to the mining industry, because it has expressed considerable concern to me about the imposition of stamp duty on chattels. Unless I am told to the contrary by the Minister, the effect of the Bill will be that mining leases will become part of the chattels. Also, heavy earth moving equipment such as draglines and scrapers will now be subjected to duty.

Mr Pearce: That is correct.

Mr COURT: Currently the industry is not paying duty on those items, but under these changes a lot of small gold mining operations which rely heavily on, and have a huge investment in, earth moving equipment will be affected. When a mine is sold from one company to another they will now face additional stamp duty on those so-called chattels.

I was involved in a number of small food businesses. When I did an inventory on the chattels for the sale of those businesses, I included items such as refrigerators and the like. However, in the case of the mining industry, huge sums of money are involved in very expensive equipment and the industry is not happy about the proposal. How does one go about valuing "know how" and why should stamp duty be applied to that? The Bill refers to the Treasury Department's deemed value. I believe it is totally improper to extend the stamp duty proposal to include such a nebulous thing as "know how" in the exploration industry. We can argue all day about how it will be valued. However, the exploration industry is the driving force behind the mining industry which, in turn, is the driving force behind our economy, along with the agricultural sector. Why would anyone want to introduce stamp duty legislation which would make it more difficult for the exploration industry to operate? Why would anyone want to attack that industry? It is a key area for which the Government should be providing incentives, not disincentives. That industry is having enough problems. It should be encouraged and I oppose the introduction of another disincentive which will make it more difficult for that industry to have any flexibility in exploration.

*Sitting suspended from 1.00 to 2.30 pm*

**Mr COURT:** The question of franchises in relation to smaller businesses should also be addressed. During the Committee stage an opportunity will be available to discuss the ramifications of these new provisions, but I am concerned that if a person works hard to build up his business under a franchise, when that franchise agreement is renewed and stamp duty is imposed, he will be penalised for having successfully built up the franchise in the first place.

I refer briefly also to share transactions, although not necessarily in relation to this legislation. Has the Government considered the possibility of providing a taxation incentive by reducing the level of stamp duty on share transactions to below the level of stamp duty imposed in other States in an attempt to pick up extra business?

**Mr Pearce:** I am not aware of any consideration being given to that, but in this case many of our Stamp Act duties are less than those of other States. The measures in this legislation will bring them up to the level of those in other States. If we were getting business because of the discount we were offering, we shall lose that. However, there is no evidence that we were picking up extra business.

**Mr COURT:** If the difference between the levels were big enough, it would be interesting to note the reaction.

The second reading speech made the following comments on stamp duty relating to hire vehicles -

The Bill will also close a loophole in the present provisions of the Stamp Act whereby vehicle hire firms have been able to obtain the stamp duty exemption which is available to car dealers who acquire vehicles for resale.

I thought that people who operate vehicle hire companies paid stamp duty on their vehicles. I was surprised to learn that they do not. The only circumstances under which stamp duty is not paid are when a new car company brings stock into the company, runs a hire business using that stock in the car hire section, and later sells those vehicles as second-hand cars. The member for Wagin also raised this issue with regard to car hire companies, and I have spoken to someone who operates such a business in the Kimberley and who is, unfortunately, experiencing serious problems as a result of the airline dispute. It was explained to me that this company buys its cars with a national fleet discount and, for example, when purchasing Ford Falcon vehicles it pays \$2 000 to \$3 000 less than the retail price of the car. However, the company is required to pay stamp duty on the higher price rather than on the actual price paid. That is ridiculous. Stamp duty should be levied on the price paid for the car. No hidden tricks are involved; a discount is provided because of the quantity of cars bought.

**Mr Pearce:** I understand that that does not in principle represent a change in the Bill. People have always paid stamp duty on the market value of the vehicle. However, I think there has been more checking in recent times than there was previously because a lot of people have been putting a lower price on the transfer papers.

**Mr COURT:** I am talking about buying a new car.

**Mr Pearce:** The principle is the same; it transfers from someone to you.

**Mr COURT:** If I buy a car from a car dealer for \$25 000, but hire car businesses can buy the same car for \$22 000, they should pay stamp duty on that amount. That used to be the case.

**Mr Pearce:** I am advised that it did not. Stamp duty was always based on the market value of a vehicle.

**Mr COURT:** Until recently, when a car hire business purchased a car with a fleet discount stamp duty was payable on the actual amount paid for the vehicle.

**Mr Pearce:** You are saying that if a big operator is able to get a fleet discount and to pay less than anyone else for his vehicles, the Government should kick in and provide a discount on stamp duty.

**Mr COURT:** The market price is the amount paid for the vehicle.

**Mr Pearce:** There is close to a fixed price on vehicles.

**Mr COURT:** How does the Government know the proper retail price of vehicles? This Government is supposed to be opposed to the setting of fixed prices.

Mr Pearce: We work on the basis of the price for which anyone can purchase the vehicle.

Mr COURT: Anyone who is a fleet buyer can get this price. It represents the market value of the car.

Mr Pearce: I cannot go in as a fleet buyer because I do not have a fleet. You are talking about a restricted group of people who are able to get a discount on a large volume of vehicles, and saying that discount should be contributed to by the taxpayers.

Mr COURT: Rubbish! The Government is nothing but a tax collector, grabbing every dollar. Stamp duty is payable on the value of that vehicle; and the value of that vehicle to the person who buys it for a fleet is \$22 000, not \$25 000.

Mr Bradshaw: What happens when a person buys a block of land, at arm's length, and the Commissioner of State Taxation decides that is too cheap?

Mr Pearce: You do not get a fleet discount on blocks of land.

Mr Bradshaw: I was talking to a person the other evening who bought a block of land; the commissioner said it was too cheap, and charged him stamp duty at a higher rate.

Mr Mensaros: According to the Minister's logic, the Commonwealth Department of Taxation should allow this fleet owner a depreciation allowance on \$25 000, rather than \$22 000.

Mr COURT: Yes, and if one were to use the same principle, I could state in my taxation return that I earned \$50 000; and the commissioner could then say I should have earned \$60 000, and charge me tax on that amount.

Mr Pearce: People certainly state they earned \$50 000 when they actually earned \$60 000!

Mr COURT: The member for Floreat made a good point. The Government has been a bit too hungry. Most of these vehicle hire companies are small businesses and franchise operations whose operators are trying to make a living in the Pilbara and the Kimberley, and they will have to pay this additional stamp duty.

Mr Pearce: I understand there was a widespread practice of evasion, particularly in respect of second-hand vehicles.

Mr COURT: I am not talking about second-hand vehicles.

Mr Pearce: I am, and the Treasurer has sought to close the loophole whereby people were putting on the transfer form a value for the vehicle which was basically fictitious, and alleging that the vehicle had changed hands for a lesser sum, in order to evade stamp duty. I am prepared to raise with the Treasurer on his return the matter of fleet discounts, but I am not prepared to make any change to the Bill in this respect.

Mr COURT: I appreciate that offer, but the Minister got carried away by saying there was widespread avoidance of stamp duty. I understand that car dealers refer to a dealers' guide, which says a vehicle is worth X dollars, and if there is too much of a variance, they will find out what is the situation. A 1970 Holden may, according to the trade handbook, be worth \$5 000; but because it is a wreck it may change hands for \$1 000.

Mr Pearce: That may be so, but a vehicle often changes hands at a lower price because people do not want to pay stamp duty on the higher price.

Mr COURT: Can the Minister explain the loophole whereby vehicle hire companies have been able to obtain the stamp duty exemption which is available to car dealers who acquire vehicles, for resale? I thought all car hire companies paid stamp duty?

Mr Pearce: The Act provides an exemption for motor vehicle dealers who buy a vehicle for the purpose of resale. We are closing a potential loophole whereby a person buys motor vehicles, hires them out for a while, and then sells them.

Mr COURT: My example is that of a car dealer putting the vehicle into stock, but while it is in stock, using it for hire business, and then selling it. Is that the situation the Minister is talking about?

Mr Pearce: Yes, but it may be that a car hire company could do it altogether.

Mr COURT: A car hire company could not, because it would not have the vehicles. As I understand it, at present the vehicles would not be there for sale.

Mr Pearce: We are attempting to close what might be a loophole. Apparently one hire car company tried that in South Australia. That is the genesis of it.

Mr COURT: It surprised me to hear that mentioned in the Minister's second reading speech.

Stamp duty should properly be paid on the price that is paid for a particular vehicle. I could go on at length about this legislation, because it affects many people in business, but I will go back to the point I made at the beginning of my comments. This legislation reflects a major change which is taking place in this State, where the Government is making a tax grab to boost up its coffers which have been drained by its business dealings. The fact that the Government is calling for a review of this legislation, with the closing date for submissions being the end of this month, and we are now debating this legislation, makes an absolute farce of the situation.

The SPEAKER: It might be appropriate for me to advise members - particularly new members - in view of a couple of asides which I have heard from some of the new members, that there is a practice in this House where a Minister who is handling either a very complicated Bill of his own, or a Bill for another Minister, about which he does not have intimate knowledge, is allowed to have a senior person from the appropriate department sit in the Chamber alongside him, and at that time it is usual for us to permit the Minister to take a seat at the end of the bench, and he will be recognised from that seat.

MR SHAVE (Melville) [2.46 pm]: In speaking to this issue, I would like to refer to a few of the comments made by the Government in respect of these increases in taxation. The Government produced recently a document which referred to commitments made by the State Government in 1988-89. The Government stated that through its economic strategy and its continued prudent stewardship of public resources, the Western Australian public would be ensured the benefits of the bright economic future that we in this State have. The sad reality is that the losses incurred through the Government's irresponsibility have robbed every taxpayer in Western Australia. The Government made a commitment this year, as a deliberate matter of policy, to show considerable revenue restraint. That is laughable. How can the Government say that it has shown considerable revenue restraint when between 1982 and 1989 the State Government taxation receipts increased from \$475 million to \$1.28 billion? That last figure is an estimated figure; I suspect it will be even higher than that. The projections in previous years have always been less than the actual tax revenues collected.

The Government also made a commitment to assist the average Western Australian family and to reduce the costs of businesses in this State. However, the Western Australian family is being hit, directly and indirectly, through increases in financial institutions duty, fuel tax, and stamp duty; and by imposts on business, such as higher payroll tax, businesses are being hit even harder. Industry has not only been hit by large taxation increases; it is also having difficulty raising finance due to the effect of this Government's actions.

The infrastructures of many major projects have been reduced. Services are diminishing. Industrial disputes are rife. Tax increases have been compounded at an unprecedented rate and yet services are decreasing. Revenue is being collected, but where is it going? The loss incurred by the Teachers Credit Society is \$129.6 million, the Swan Building Society \$17.4 million, R & I Bank \$45 million, Rothwells \$22.7 million, and WA Government Holdings Ltd \$101 million. The last two figures appear very light. State taxation per head of population in 1982-83 was \$405, and in 1988-89 it was \$960. These figures are provided by the Budget papers and the Australian Bureau of Statistics.

Mr Trenorden: That is embarrassing.

Mr SHAVE: It is laughable. But I want to turn to serious matters because these things affect the working people in this State.

Under the Capital Works Program, which the Government promised to improve, Corrective Services funds have been cut by 42 per cent. I feel sorry for the Minister for Police and Emergency Services because he is one of the few good Ministers on that side of the House.

Mr Taylor: Thank you.

Mr SHAVE: That is all right.

Mr Kierath: Don't pay him a compliment.

Mr SHAVE: I pay compliments where they are due.

The health budget received a 29 per cent cut; regional development in the north west received a cut of 78 per cent.

Mrs Beggs interjected.

Mr SHAVE: I cannot understand why the Minister is so unhappy. With the money she earns she should be happy all the time. Unfortunately, she always looks unhappy, and that is sad.

Mrs Beggs: The member is turning into a social worker instead of a hotel owner.

Mr SHAVE: I am not a hotel owner. The Minister should get her facts correct. Why does she think that? That is irrelevant, although I would like to own a hotel.

The Association of Mining & Exploration Companies has stated that this Bill is tangible evidence of business, particularly small business, having to bear the cost of the Government's expanded requirements for revenue raising. The Australian Small Business Association has cited a case where a man paid \$150 000 to take over a video store. His tax will increase by 168 per cent - that is in line with the Premier's commitment to keep taxes down! In another case where a truck driver purchased a truck for \$60 000, his stamp duty will be increased by 45 per cent.

Interest rates are at 20 per cent in small business. Tourism is being destroyed by the fact that the Prime Minister is hell-bent on protecting Sir Peter Abeles at the expense of every small business in Australia. That is an absolute disgrace.

I was interested to hear the Minister for Housing say the other day that we do not have a housing crisis in Western Australia. She was responding to comments made by the member for Applecross. Perhaps the Minister can explain why people must wait three or four years in a queue for a house, and yet she says that does not constitute a crisis. That situation may be all right for the Minister; she probably has a lovely house and is more fortunate than I am - because she owns her house. Many people in the community are suffering on account of Government policies.

In this State we have a crisis in both medicine and education. We cannot pay the school teachers increased rates but we can pay money to everyone else. People can drive around this town in their Rolls Royce motor cars but the taxpayers pay for them. It must be a wonderful arrangement for those people who are able to drive around in a Rolls Royce at the taxpayers' expense.

Another hypothetical case relates to the proposed tax on goodwill. Let us say a couple has worked hard from scratch in a small tavern. That is appropriate because the Minister for Housing has mentioned a hotel. The couple works extremely hard for 60 to 90 hours per week and builds up a good business; it has some goodwill. Business people in that industry are under a lot of stress because many customers are not very nice at times. Let us say that the husband, in this case, walks out the back door of the tavern, is run over by a truck and killed. The commissioner can come in and say, "We want your money. You have had hardship but we will tax the goodwill of the business." The surviving partner will say, "There is no goodwill because we did not pay for goodwill when we went into the business." The commissioner will answer, "That is not correct." I am told that in this situation tax will be paid on the goodwill.

Mr Pearce: Tax on a transfer is \$5.

Mr SHAVE: Let me finish.

Mr Kierath: Is that a promise from the Minister?

Mr Pearce: It is a fact. If the transfer is out of the State, the benefits will be transferred out.

Mr SHAVE: I did not say where it would be transferred to. Let us assume that I passed away - and some people would like that to happen -

Mrs Beggs interjected.

Mr SHAVE: My wife is not one of those people; she is a lovely person. The Minister is becoming unhappy again. If I died and my wife wanted to bring one of our children - who has been forced to leave school - into the business, and she wants to transfer a share of the business to that child, does the Minister say that the charge will be only \$5?



Mr Pearce: With a husband and wife partnership, the proper way to set up the business is for any surviving partner to be a beneficiary and either of them would be a beneficiary of the other; that means the partnership is transferred.

Mr SHAVE: Why, necessarily, would the other partner be the beneficiary? On my death my wife might have enough assets and I might make my children the beneficiaries.

Mr Pearce: Let us turn it around the other way. If someone is effectively buying into the business who was not a partner in the business previously, of course he would pay stamp duty; but at the same time the person buying into the business would open himself up to all sorts of potential tax advantages in relation to Commonwealth and other State taxes. However, that was not the case you started to put up.

Mr SHAVE: The Leader of the House did not let me finish.

Mr Pearce: You were trying to make an implication.

Mr SHAVE: I accept that the Leader of the House made a mistake.

Mr Pearce: I made no mistake at all. You were trying to take one case and apply it in a different case.

Mr SHAVE: It is very technical and now that I have given the Leader of the House the example, I would like him to answer. Will my children pay \$5 in stamp duty or will they have to pay the tax that would be applicable to other people buying into the business partnership?

Mr Pearce: If anybody bought into a business partnership in which they were not previously a partner, they would have to pay the tax.

Mr Blaikie: What about his children?

Mr Pearce: Or his cousins, or his aunts? The fact that one is a father does not mean that one's children do not have to pay tax.

Mr SHAVE: So the Leader of the House now concedes that in the circumstances I presented my children would have to pay a tax on entering that partnership.

Mr Pearce: If they were not involved in the partnership previously. Anyone coming from outside, irrespective of the circumstances, would have to pay the stamp duty.

Mr SHAVE: That was my point. Some people might consider that this tax is no more than a de facto death duty because, under those circumstances, my family did not want me to meet with this tragedy. Why is there not a provision for exceptional hardship? Would the Leader of the House consider implementing some sort of condition under this legislation to allow for that?

Mr Pearce: What would happen if you wanted to bring your son into the business or sell your proportion of the business? At one time my father and my brother went crayfishing, then my father left the business and sold his half of the business to my brother - that is, to his son. Do you feel he should have been tax-exempt in those circumstances?

Mr SHAVE: I do not support the concept of imposing a tax on goodwill in a business when a family member comes into that business; perhaps the Leader of the House does. Let us take the scenario a little further, because I am pleased the Leader of the House has become involved. The Leader of the House concedes that the tax will apply to family members. Let us assume that at the end of 12 months there is no profit in the business. Let us assume that my wife has run the business, which is highly specialised, and that she does not have the managerial expertise to sustain the profits that were made in the last three years of trading. Sources have told me, and I am quite happy to be corrected about this, that where any goodwill is involved it may be up to the commissioner to determine an appropriate figure for goodwill. If that is the case, does the Leader of the House think it is morally right in any way to tax a family and then, when that family has traded for 12 months, the business goes bankrupt, the house is sold and the money is paid? I would be interested to hear from the Leader of the House whether in those circumstances he would support a rebate at the end of 12 months.

Mr Pearce: I think we are talking at cross-purposes. If a father died and left his share of the business to his son he would not be taxed at the level you are talking about.

Mr SHAVE: Let us say the father died and left the money sitting there; let us say he did not issue a directive or write a will and leave it to anyone; let us say the money was there and the wife wanted to bring the son into the business.

Mr Pearce: The son would have to buy his way in, but if the father's share of the business was left to the son the duty would be minimal.

Mr SHAVE: Would it be \$5?

Mr Pearce: I assume so, if it were left in that way. I am talking about beneficiaries. If you have a proportion of a business and you die and leave it in your will and your share of the business transfers to the beneficiaries of the will, the stamp duty will be \$5.

Mr SHAVE: And if there were no beneficiaries?

Mr Pearce: If someone wants to buy into a business with his own money, being a relative of the person from whom he is buying it does not let him off the tax.

Mr SHAVE: And if no goodwill was assessed and he wanted to buy into the business, how would they assess what the payment should be?

Mr Pearce: If there is no goodwill there is no assessment for goodwill; that is a simple fact. It is very hard to come to grips with your questions because you are putting up such hypothetical cases, and if one does not work, you change to another.

Mr SHAVE: The Leader of the House is the one who is changing ground. The advice I have received is that in circumstances where a business changes hands and someone buys in and goodwill has not been assessed, the commissioner can determine what is an appropriate figure, generally based on the income earned in the previous year, and the tax would be assessed that way. If the Leader of the House is prepared to tell me that is not the case and that \$5 will be the only charge, I would be very happy.

Mr Pearce: Normally the goodwill is involved in the cash you pay for a business. When people go to sell a business or a proportion of it they sell the goodwill and in those circumstances the amount of money paid for the goodwill is subject to stamp duty. Everyone knows that. What is the question you are asking?

Mr SHAVE: The statement the Leader of the House has just made is totally incorrect. Many businesses start off with no goodwill involved.

Mr Pearce: But when you sell a business, or a proportion of it, goodwill is involved.

Mr SHAVE: How does the Leader of the House determine that?

Mrs Beggs: Perhaps we should change the law so there is no such thing as goodwill.

Mr Pearce: Is that what he is suggesting? Does that mean that when people sell a hotel they would have to sell it at a straight valuation of the property and not also take into account the business they have built up?

Mr SHAVE: The Leader of the House can go around the point as much as he likes but I am asking him to answer my question. When any goodwill is in hand, in the circumstances I gave, would a \$5 tax be paid or would the tax be assessed on the goodwill?

Mr Pearce: You are confusing different things. If all or a portion of a business passes from a deceased person to a beneficiary -

Mr SHAVE: Forget the beneficiary.

Mr Pearce: You cannot pass it on in that sense; you would have to buy your way in, and if you do you are not exempt from the tax simply because you are buying your way into the business of a relative.

Mr SHAVE: I will accept that answer and continue. A tax is payable.

Mr Pearce: Only if you are buying your way in. You are saying that if you are buying a stranger's business you have to pay tax but if you are buying into a relative's business it should be tax free.

Mr SHAVE: Here is another question for the Leader of the House. Assuming this tax is payable, if in the circumstances of a family situation a relative buys into the business and that business goes broke at the end of 12 months due to mismanagement, does the Leader of the

House support the concept that that tax should stand and that person should not be entitled to any rebate?

Mr Pearce: Are you saying that if you buy into a business and it goes bad you want a refund on the tax you paid on the goodwill from the beginning?

Mr SHAVE: Yes, in the case of a family business.

Mr Pearce: Why restrict it to a family business? Suppose I bought into my brother's crayfishing business? If I am not a good crayfisherman and make a loss can I go to the taxman and say, "I'm sorry I bought in. I made a mistake. Can I have my tax back?" For that matter can I go back to my brother and say I made a mistake? It is not very sensible.

Mr SHAVE: In most cases people are forced in and out of a business partnership through circumstances, not through desire. In certain circumstances people enter into a small business with a very small financial base and any extra costs can cause them considerable hardship.

Mr Pearce: Not if they are a beneficiary. If you die, you have the right to leave all your business to your son, your daughter, your wife or whoever you like. The tax for passing your business to your beneficiary is \$5. If you want us to give you the \$5 back, we will give you the \$5 back. Stamp duty is \$5 in that case.

Mr SHAVE: We have had long enough to discuss that issue. An increase in stamp duty does not just affect businesses or the home buyer, it affects everyone. Following each cost increase put on businesses, the person in the street is affected. All these small increases add up by the end of the week. When Government taxes are excessive the business cannot replace equipment, repair old equipment, employ people whom it would dearly like to employ and, more importantly it cannot expand. It is not an individual tax that cripples small business, it is the combination of a lot of taxes. I will read a few points from a letter I received from a constituent. This person wrote to me on 10 April 1989 as follows -

Dear Mr Shave

It is with great interest that I read an article in the West Australian of April 10, 1989 with reference to helping the poor survive. I have been very concerned about this issue and have no idea who to write to.

What really concerns me is the fact that the Government is dictating that we spend less. How can we spend less when as a single person (with no dependants) I myself went shopping for the same goods two weeks later and found I was paying \$3 MORE for exactly the same goods. My rent has gone up, my SEC account has gone up (with no extra units have been used) my Telecom account has gone up. My union fees have gone up and I am getting less and less in my pay packet.

The horrific thing about all this is I can cut back on luxuries such as an early morning coffee or morning tea. What about my brother and his family? They neither drink or smoke nor go out to the cinema or for little treats - they simply cannot afford to. They have been reduced to becoming vegetarians (because it's cheaper). Fortunately they have two boys, the younger wearing the older's hand-me-downs.

I hope they do not live in Whitfords if there is a by-election, because I cannot see the Minister getting a vote from them. To continue -

They live in the northern suburbs in a 'cheap' area, and because of this they are paying more and more for petrol to get them to and from work. Both have to work, consequently the children being latchkey kids -

That is the comment the lady made. It is quite an interesting comment. The letter continues -

- what other way is there? My brother's wages pays the mortgage and my sister-in-law's wages pay for the House insurance, SEC, Telecom, food and petrol bills. Fortunately my brother has a mother (although a pensioner and struggling herself) every so often she manages to replenish their empty fridge for them so they can get a decent nutritious feed.

What about others? What about the ones where the wife has to stop at home because

the children are so small. Have no one who can give them a feed every so often? My list could go on.

These are the lady's comments, just a working lady, union member, one of the people whom the Minister for Housing is supposed to represent. "We cannot spend less", she says. The letter continues -

The Government increases the petrol tax which consequently means the necessary goods we buy are costing us more. Not to mention the Government services are costing us more, and will cost us more. Do they think we are stupid or something? Or to stop spending more do we have to disconnect the electricity . . . ?

There are plenty of people in my electorate who are very sick people and badly need to use the phone and because of the Government's mismanagement have to disconnect their telephones.

This is a not a Dorothy Dix letter, it is from a genuine person. Members opposite should be compassionate towards that person but the Minister for Community Services is arrogant. He is sitting back living off those people's taxes and doing nothing about it other than creating a very difficult situation for them. Members on the back benches opposite should sit there in shame while allowing Ministers to misappropriate the money of this State, and to float around on Fremantle harbour in lovely boats drinking champagne when the America's Cup is on, while pensioners cannot even get a feed. When will there be some relief, the lady asks? There will not be relief in six months' time when everything goes sky-high.

Mr Kobelke: Give a discount to Seniors' Card holders.

Mr SHAVE: The Seniors' Card is an absolute joke.

Mrs Beggs interjected.

Mr SHAVE: They would beg the Minister for it because they need it.

Mr Kobelke: That's why I said it is not a joke.

Mr SHAVE: It is a joke because they are taxed out of their brains and now the Government is giving them a card which offers them threepence halfpenny every week.

Several members interjected.

The SPEAKER: Order!

MR KIERATH (Riverton) [3.17 pm]: I am glad to see there is some decorum in the House again. I hope it will be maintained while I am on my feet.

Several members interjected.

Mr Pearce: You are an appropriate person to talk about subterranean orchids.

Mr KIERATH: Can I use my time to talk about subterranean orchids? There is an underground orchid.

Mr Pearce: You are an appropriate representative of them too.

Mr KIERATH: The Leader of the House should make sure he does not fall into the hole next time.

When one first reads this Bill one thinks, "Oh yes, changes to the Statute." Then one reads the provisions and the alarm bells start to ring. One wonders what this is all about. I will read a section from the Leader of the House's second reading speech -

Business property will include the value of business names, copyrights, licences, franchises, and the like. All property, whether tangible or intangible, is similarly treated for stamp duty purposes.

Changes in business partnerships are specifically included in the Bill. Any change in a partnership share will be deemed to be a change in the ownership of the partnership property. For this purpose partners will be regarded as owners of the partnership's property as tenants-in-common to the extent of their share in the partnership capital.

Those provisions are alarming. Many of the professional partnerships that operate in this State, which almost by definition fall within the small business category, must be horrified at the implication of this Bill. I am not sure whether the Leader of the House is aware how

many of these partnerships exist. For example, in most professional areas - medical, accountancy and legal - it is common practice that when a partner retires or moves on to greener pastures, another partner is admitted.

In an earlier debate the Leader of the House referred to stamp duty being paid on goodwill. I have it on good authority that in the past the Commissioner of State Taxation has said that goodwill will be calculated on the previous year's profit margin of the business. Most partnerships consist of a group of individuals who perform a service. Under this legislation a person entering a partnership will be subject to stamp duty which will be assessed on a proportion of the previous year's income of the person he replaces. One could rightly say that this is nothing but an income tax; one could say it is virtually a payroll tax because when a person enters into a partnership he is taxed on his income. A member referred to it as a de facto death duty.

Shortly this Bill will be discussed in Committee and I will take the Leader of the House to task and request that he show me the provision in the legislation whereby only \$5 in stamp duty will be payable on the death of a partner, especially in the case of a husband or wife.

The proposed increase in stamp duty will become an entrepreneurial tax, a small business tax, a partnership tax, a goodwill tax or a charities tax. I recall that the Government was very sensitive about the latter and stated that the charities provision has always been in the Act. It has not been included in the Act and in the test case involving the University of Western Australia the Government came off second best. Having tested the case in the courts the Government has introduced this Bill into the Parliament.

Another interesting point is that the increase in stamp duty is also a knowledge tax. If it were collected from members on the other side of the House it would amount to nothing; if the tax were imposed on members on this side of the House the result would be different. Perhaps I should say it is a discriminatory tax. It is a tax on technology.

Several members interjected.

Mr KIERATH: That is interesting, because some people might say that the reason behind this duty is that the Government did not want to impose a duty that would hurt members on its side of the House, but it wanted to impose a duty that would affect members on this side of the House.

The taxing of intangibles is the most iniquitous part of this Bill. I do not see any method for evaluating intangibles outlined in this Bill. Perhaps the Leader of the House can tell me where in this legislation I can find the provision relating to the method of evaluation. I cannot find it and it is important that it be established because it sets up the framework for the amount of tax people will pay. The only thing we can find is a reference where in the past the Commissioner of State Taxation has looked at one year's profit or goodwill.

Mr Taylor: Why did you change the *Hansard*? Yesterday you said that I had an appalling lack of ignorance and you have taken out the word "lack".

Mr KIERATH: I do not believe I did take it out - in the case of the Minister for Police and Emergency Services I would certainly not take it out. He has an appalling lack of knowledge and he has shown his total ignorance. Not only that; he has shown the total lack of sincerity he has in his portfolio. Rather than concentrate on the issues -

The ACTING SPEAKER (Dr Gallop): Order! We are debating a Bill dealing with stamp duty and I call on the member for Riverton to return to that subject.

Mr KIERATH: I was replying to interjections. If interjections are out of order perhaps you would care to protect me.

The ACTING SPEAKER: Order! I have asked the member for Riverton to return to the Bill before the House. He should discipline himself and not deal with interjections that take him off the subject.

Mr KIERATH: Thank you Mr Acting Speaker. I will ignore the previous interjection and return to the Bill before the House. I will try not to mention yesterday's debate about orchids.

One thing that concerns me about this legislation is what will happen when a partner dies. I hope the Leader of the House will answer my question.

What would happen if a company purchased a computer program in the United States of America for use in Western Australia? I understand that the company would be covered in the case of stamp duty and I would be interested to hear the comments of the Leader of the House.

The Bill imposes a tax on franchise renewals. What happens in a situation where a person has a franchise - perhaps it may be one of the fast food outlets? The person may have worked very hard and at the end of his franchise term he will be required to pay stamp duty on the assessed increased goodwill of the fast food outlet. People with franchise operations work extremely hard in the hope that the goodwill will be their nest egg. It is the only thing which keeps them going. One could almost call this a de facto capital gains tax.

Mr Shave: What's de facto about it? It is.

Mr KIERATH: The Government does not have the courage to call it a capital gains tax and has hidden it under the pretext of stamp duty.

In his second reading speech the Leader of the House said -

The State Commissioner of Taxation exercised, until recently, an absolute discretion in determining which instruments involving charitable purposes could be exempt. Generally, exemption was not granted where the transaction was of a commercial nature, such as the acquisition of an investment property not used directly for the charitable purposes of the organisation.

What a lot of rubbish. I would like the Leader of the House to correct me if I am wrong but it is my understanding that this has occurred on only one occasion and it involved the University of Western Australia which was taken to court by the Commissioner of State Taxation over some land transactions. The university was successful and the commissioner lost the case. It is the exact opposite of what the Leader of the House stated. He continued -

However, the Supreme Court ruled recently that the Act did not convey any discretion on the commissioner, and that it was mandatory for an exemption to be allowed. All gifts of property for charitable purposes, or leases for a nominal or nil rental, will be exempt from duty.

I draw the inference from that comment that any profits from property owned by that charitable institution and used for other purposes, although the profits are used to fund that organisation, will be taxed. That is shameful! That is a change in direction for stamp duty. The Government has been negligent in not notifying the people affected by these changes that they were about to occur. I thought perhaps it was an oversight, but when people see how far reaching the changes are they might feel that the Government did not want people to know about this change because they might mount a campaign to attempt to change the Government's mind. Fancy picking on charities and the people who are least able to defend themselves!

Many fundraising functions are carried out by charities for which they take out a copyright or a right to use a method of fundraising or such things as a T-shirt motif. An up to date example of this is a Batman T-shirt. If, for instance, the Royal Flying Doctor Service decided to get in Batman T-shirts and bought the right to sell them -

Mr Pearce: The Deputy Leader of the Opposition did a review of the film "Batman" and thought Robin was in it.

Mr KIERATH: If the Leader of the House were in the movie he would not be Batman or Robin.

Mr Pearce: The member for Riverton would be the Joker.

Mr KIERATH: That is what I had in mind for the Leader of the House. These changes to stamp duty are comprehensive and wide-ranging; one of the most wide-ranging changes I have seen. The Government has not been honest and up front about where these changes are to be made, what they will do to people or how they will affect the community. I have a sneaking suspicion that as time goes by - if the Government manages to get these changes through both Houses - it will have to bring these changes back and amend them again.

Once these changes start to hit all the innocent people who did not realise they would be hit by this Bill there will be a massive outcry against this legislation. The intelligent people in

our community are starting to realise the shortfalls and destructiveness of this Government. This was evidenced by a meeting last night attended by several thousand people to voice their protests; or I should say several thousand less three, because when it came time to take a vote on a course of action there were three stooges who voted against the motion.

Mr Read interjected.

Mr KIERATH: My rumour mill told me that the Labor Party had 12 or 15 stooges attending but that they changed their minds when they heard the debate.

Mr Pearce: This is like the loaves and fishes; it was first said that there were 1 500 people there and now the member for Riverton has several thousand people there.

Mr KIERATH: I snuck out of here last night for a couple of minutes and went to that meeting. We could not get a parking space nearby and there were a couple of hundred people waiting at the door trying to get inside, but there was no room. There was a massive outcry, which will snowball. More and more people will join that movement. Most of those people are hoping and praying that that meeting will result in the removal of this Government.

The Government said that it would make minor changes to stamp duty, but these are wide-ranging changes. The way this duty has been structured is deceptive, considering the Government said that it would make only minor changes. When one reads the Leader of the House's second reading speech one is led to believe that a number of mechanisms should be plugged up and that this Bill will do that. If the Bill does that, it is also creating a whole new era of stamp duty which will go far beyond its present definition. It is into all sorts of other areas such as intellectual property and knowledge - and we have already heard the jokes on that. I urge the House to reject this legislation.

MR PEARCE (Armada - Leader of the House) [3.35 pm]: It is difficult to know how to cope with the debate we have heard today because it has been strange in many ways. The Bill does not cause the huge changes to the Stamp Act that the last speaker and several of his predecessors have attempted to pretend it does. A review of the Stamp Act is under way at present. That is a public process and many people are making submissions about ironing out the anomalies in the Act or trying to deal with it to meet the needs of the State for taxation purposes without at the same time having unintended consequences which will leave loopholes on the one hand or flatten business on the other.

This Bill sets out to do what I announced in the second paragraph of my second reading speech, as follows -

This Bill proposes to amend the Stamp Act to implement measures announced in the Budget speech and in order to close off certain avoidance schemes, arrest the loss of revenue from evasion practices, clarify the application of certain exemptions and provide some concessions from duty.

All the Bill does is implement the taxation measures mentioned in the Budget speech; that is, basically, an increase in the rate which is the subject of a subsequent Bill, and attends to some smaller matters. It also seeks to close off certain avoidance schemes, clarify exemptions for charitable groups and provide some concessions in other areas.

The scenarios that members have built up are the kinds of scenarios that screen writers usually involve themselves in. It was difficult for me to follow the speech made by the member for Melville and to some extent the one made by the member for Riverton, because the kinds of complicated scenarios they were trying to construct on their feet such as poor widows having their life savings ripped away from them because their husband and provider had stepped out the back door of the member for Melville's hotel and been run over by a bus were, as I have said, the sorts of scenarios that screen writers usually involve themselves in. The legislation does not work in that way. If members are concerned about its effect on individuals in these complicated scenarios they should make a submission to the inquiry set up by the Government to consider the Stamp Act. This legislation does none of those things.

Some members seem unaware of the fact that the Stamp Act applies only with regard to changes of ownership when money changes hands during the buying or selling of the ownership of a good or chattel, a business, or whatever. An ongoing business is not subject to stamp duty except on its normal operations. There are some misconceptions held with

regard to that matter. The Deputy Leader of the Opposition raised the matter of car hire businesses. I suppose he is sensible enough to appreciate the answer given because in that case he was raising serious issues; other members have merely sought to politic over this point.

I am sorry the member for Floreat is not with us as he raised a serious issue to which he sought a clear answer and about which he took the precaution of warning me that anything I say may not only be taken down by *Hansard* but may be used later in court as evidence of what was proposed in this Bill. He sought to clarify exemptions for charities. I can state clearly that the intention of this legislation is to restore the practice that prevailed prior to the recent court case which found that the Commissioner for State Taxation was unable to make exemptions on a discriminatory basis; that is, he could not decide between an exemption given to a charitable institution for charitable purposes and a non-exemption given to a charitable institution involving itself in commercial activities. Under those circumstances the intention of this legislation is quite clearly to restore the practice that prevailed prior to that court decision.

Mr MacKinnon: That is not the case at all.

Mr PEARCE: I say that it is the case in the knowledge that it has been taken down by *Hansard* and if there is a court case on this matter that statement may well be used in that case to clarify the intention of the legislature in this matter; that is our intention. It is not in this case - as the Leader of the Opposition sought to say - an attempt to tax charities. Charities which are involved in activities of a commercial nature pay a normal commercial rate of tax on their activities; I think that is right and proper. It is ironic that in the past the Leader of the Opposition decried the advantages given to charitable institutions when they were competing for business in the open marketplace. There have been many efforts by the Liberal Party, on behalf of a range of businesses, to try to stop various public or charitable institutions from competing with them in what they regarded as an unfair way, given the various tax break and other advantages that charitable institutions receive.

This is a difficult issue, and we understand the points of view expressed by members opposite. We make a clear distinction - as have past Liberal Governments - between charitable groups acting for charitable purposes, and charitable groups which are also running commercial enterprises for commercial reasons. The approach which has been taken in the past, and which is clarified in this Bill, is that charitable institutions working for a charitable purpose are exempt from stamp duty; those working in a purely commercial way pay stamp duty in the normal commercial way.

The member for Floreat asked what would be the situation if a building which was gifted to the University of Western Australia, or some other institution which came under the exemption provisions, was then used for a commercial purpose. It is clear from the section of the Act to which the member referred that a gift to a charitable institution made under those circumstances would be free of stamp duty.

Mr MacKinnon: It may be free, with the approval of the commissioner.

Mr PEARCE: It would be duty free. The commissioner has to ensure that what people say about something is reflected in what actually occurs. A bequest or gift to a charitable institution would not be subject to duty in those terms. The member for Melville gave an example whereby a partnership involving family members might somehow become subject to stamp duty. The fact is that if a person in a partnership arrangement dies, and bequeaths his share of the partnership to a family member, that family member then becomes the beneficiary of that share in the normal way, after paying a \$5 impost. That is not a *de facto* death duty; it certainly is not the draconian situation being put by the member for Melville.

The member has sought to raise the spectre of people dying - and I admit it is always horrifying when any member of a family dies, particularly if that death causes problems to the family business - but having built up that picture it is not reasonable then to pretend that a family member buying into a family business is in the same position as a family breadwinner who dies and bequeaths his interest in the business to a member of the family. I said by way of interjection that dying and making a bequest is one thing; but for a family member to buy an interest in a family business is no different from buying an interest in a business which is run by strangers, and there is no reason why that situation should be tax



exempt. If it were to be a different situation, how far could we take it? I have read that some scientists now believe that they can trace back the heritage of the whole human race to a lady called Lucy, who was born hundreds of thousands of years ago. Does that mean we are all the relatives of Lucy, and we can all get tax exemption?

Mr Lewis: Are you a throwback?

Mr PEARCE: I would have thought the member for Applecross might have been Lucy's brother, just by having a gawk at him! There is no reason in logic, or anything else, to make a distinction between the relationships between people when someone is buying into a business; that should be conducted in the normal commercial way.

Members opposite raised a number of matters which showed that they were not able to distinguish between those things which were done in the normal course of a business, and those things which happened because of the sale of all or part of that business. I repeat that stamp duty applies at the point of transfer of assets, whether it be a business, a piece of property, or a chattel; not during the ongoing conduct of the business. One member opposite tried to suggest that businesses such as video shops might be liable to stamp duty on their stock of videos, because they would be bought individually, and then hired out. I said by way of interjection that videos would fall into the category of stock in trade, and would not be subject to stamp duty; under those circumstances, the stock in trade section of the Act covers the whole box and dice.

Mr Blaikie: Is the Minister saying that if the St John Ambulance Association were to sell off part of its equipment, it would not be subject to stamp duty?

Mr PEARCE: If a charitable institution sells its surplus equipment, that sale would not be subject to stamp duty; that applies only if it were selling its business. There are charitable institutions which operate commercial enterprises in order to raise money for charity, and that is a worthwhile thing for them to do; but where they are doing that in order to make money in the commercial arena, they will pay commercial taxes.

Mr Blaikie: What will happen in respect of the auction of the Telethon house?

Mr PEARCE: That is specifically exempted.

Mr Blaikie: There is no intention to apply tax to that situation?

Mr PEARCE: No. In fact, some of the claims made by members opposite in respect of charitable institutions have been very misleading. It may be that they have misunderstood the situation, and were not wilfully misleading the House.

Mr Bradshaw: Are charitable institutions specifically exempted in the Bill from stamp duty?

Mr PEARCE: Yes, and this is covered on page 7, in subsection 2(c), which deals with land which "is intended to be significantly improved from donations or the use of voluntary labour and then to be sold and the proceeds applied for a charitable purpose". That specifically covers the situation of the Telethon house. It is not intended to make charitable institutions subject to the provisions of the Stamp Act, except where they are operating businesses on a commercial basis, unconnected with their charitable enterprises. The practice in this State until recent times was that the State Commissioner of Taxation was able to make a distinction between commercial and charitable purposes; but when the University of Western Australia took a case to the courts on the grounds that the commissioner was not able to make that distinction, the court decided that the strict wording of the Act supported the position taken by the university, rather than past practice.

That is not unusual; the member will be aware from his time in the Parliament that courts do from time to time interpret the law in a way which is different from what everyone understands to be the intention of the legislature. In those circumstances, the Parliament will invariably amend the relevant Act so that it is worded in a way which accords legally with common practice. We are tidying up the Act in respect of charities to get back to the practice which applied before the court ruled in this way. If the court had ruled that the Act gave legality to the past practice, there would have been no need for this amendment. There is no reason under this Act for charitable institutions to pay any more tax than they have paid previously. No charity will pay any more tax than previously, because they have all paid in the past. The only group which has kicked about it is the University of Western Australia, which went to the court and obtained a ruling. The university opened up a loophole, and this

Bill will close it. The University of Western Australia has many commercial enterprises, and I see no reason why it should be exempted from paying tax on its commercial activities. I hope that position will be supported by other members.

I know time presses and members will want to raise many matters during the Committee stage. On the question of goodwill, the commissioner can assess the goodwill of a business, but only on a commercial basis. If there is no goodwill component in the transfer of the business, the commissioner cannot assess it, except where it might be felt, as in the case of a second-hand car dealer - which I discussed behind the Chair with some members - that the transaction was disguised in two parts, part of it an open transaction, and part a behind the hand cash payment. Members will be aware that there was a practice in some sections of the second-hand motor vehicle industry with regard to stamp duty. The nominal sales price of the vehicle was shown on all the documents, but that was only a proportion of the worth of the car; the remainder of the transaction was completed in cash in a way which did not show on any documentation. The purchaser was still paying out the cash value of the car, but the stamp duty was not being paid to the commissioner. That was a widespread practice in the used car business, leading to the practice referred to by the Deputy Leader of the Opposition. There was almost a red book value assessed and demanded in every case. When the Cabinet discussed this matter, there was some uneasiness about applying the book price to every transaction. It is only a guide, and transactions vary. There is some scope for the way this system was applied, but the practice was so widespread that some measures to counter it were necessary. The commissioner cannot impose a goodwill value which is not commercially realistic. If the commissioner sought to do that, it could be challenged in the courts. Although much was made of this point, I do not think it is a matter which should seriously concern the Parliament at this time.

A number of members asked why we did not keep mortgage duty significantly lower than other States. The simple answer is that the rate is now equivalent to that which applies in most other States. The rate in Western Australia has been significantly lower than in other States, and the effect of this Bill will be to raise the rate to the level which applies in other States.

Mr MacKinnon: That is no argument.

Mr PEARCE: It is an argument against those who say, "Let us lower the rate."

Mr Kierath: It does not seem to set a precedent at all.

Mr PEARCE: It is not an argument to say, because it is 40¢ in New South Wales, it should be 40¢ here. When members oppose protest against the level, they should look around the States where the Governments are of a political flavour more appealing to them and they will find that the higher rate applies in those States. They may feel it is unfair to set the rate at that level, but other Governments of other political persuasions have settled on the same rate we are applying in this legislation. No taxation is popular, and it is always the role of Oppositions to jump up and down about any increase. I suppose I have done it myself.

Mr MacKinnon: About any significant tax increase.

Mr PEARCE: The only occasion on which I can ever remember a taxation increase being supported by the Opposition was the other night, when the National Party supported an increase in the tobacco franchise fee. Oppositions spend their time demanding increased expenditures on their electorates for schools, hospitals, roads and so on. We have heard that go on ad infinitum. We can only have those sorts of things if we are prepared to raise taxation and pay for them.

Mr Bradshaw: Why do we need to raise taxes now? We had those things before.

Mr MacKinnon: Because we have lost about \$700 million or \$800 million.

Mr PEARCE: We have had that argument before. It gives me no great pleasure to deal with a Bill which increases taxation. Times are tough, and I know these things bear on people. Nevertheless it is necessary for the Government to have the Budget it has.

Mr MacKinnon: For your mates driving around in Rolls Royces.

Mr PEARCE: I do not have any mates who drive Rolls Royces.

Mr MacKinnon: Your leader has.

Mr PEARCE: The point the Premier made the other night is absolutely correct. At a Labor Party meeting members turn up in Volkswagens and on bicycles. When we see BMWs and Rolls Royces we know it is a Liberal Party meeting. With the National Party there are tractors outside.

I commend the Bill to the House.

Question put and passed.

Bill read a second time.

#### *Committee*

The Deputy Chairman of Committees (Mr Donovan) in the Chair; Mr Pearce (Leader of the House) in charge of the Bill.

Clause 1 put and passed.

Clause 2: Commencement -

Mr MacKINNON: This clause relates to the Government's seemingly mad desire to get this legislation through. Subsection (2) says that in relation to certain sections, if this Act receives the Royal Assent on or before 1 November, it shall come into operation on 1 November, but if it receives the Royal Assent after 1 November, it shall be deemed to have come into operation on 1 November. Why is it so important that this legislation pass through this Parliament this week when this clause indicates that no matter when it goes through the Parliament, or when the Government agrees to have it declared, it will come into operation on 1 November? We have agreed with the Government to conclude our discussion on this matter today, but I do not want members to think that we are happy about that. We acknowledge that the Government agreed to defer debate on this matter from Tuesday, predominantly because the community with whom we have been consulting had not had time to provide us with its comments on what is a complex piece of legislation. I received the last input - not the last I expect to receive - when I returned from lunch today. That is an indication of how difficult it is for the community and those who will be affected by the legislation to provide some meaningful comment. The Leader of the House has not given us an indication of the extent and nature of the consultation the Government entered into with charitable institutions, business organisations and the like about this Bill, but from the responses I have received it appears that the level of consultation was as good as zero. Is it necessary to rush this legislation through when this clause indicates - and bearing in mind the nature of the legislation - that these measures will come into effect on 1 November, whether the legislation has been passed by Parliament or not?

Mr PEARCE: The simple answer to that is that the Government thinks the legislation should be through by the operative date of 1 November. Although the clause has been put in that form to allow for the possibility of that not occurring, the Government believes there is a difference between trying to notify people, and putting out a Press release in the way the Chamber discussed earlier, and having the actual legislation through. The normal arrangement -

Mr MacKinnon: Clause 33 is already in effect. It came into operation on 30 June.

Mr PEARCE: I suppose it would be possible for the Bill to pass after 1 November and still be applied as if it were done from that date. The Government is trying to get the Bill through the Chamber by 1 November so that circulars and all the rest can be sent out on the basis of what is actually to happen in the Bill, rather than in prospect. In respect of the timing of it, the normal arrangement that Governments have had with Oppositions - irrespective of who is on which side - is that no Bill should be dealt with in under a week. In this case the Bill was available to the Opposition for something like two weeks before we sought to bring the debate on last Tuesday. I deferred the matter at the request of the Opposition, but the net result has been that the delay pushes the debate up against 1 November.

Mr MacKinnon: What have you done to consult with the business community and charitable institutions about the Bill? You have done nothing.

Mr PEARCE: I personally have done nothing; I do not know -

Mr MacKinnon: Let me tell you that we intend to go back to every one of those people and give them a clear indication of the way in which this debate has been handled.

Mr PEARCE: The Leader of the Opposition can do that if he wishes. However, I hope he tells them the truth -

Mr MacKinnon: I'll give them a copy of the *Hansard*.

Mr PEARCE: I hope the Leader of the Opposition gives them my speech as well because when he argued that this is a tax on charitable institutions he was not being 100 per cent honest with the Parliament or the people. The Leader of the Opposition can say what he likes to community groups or individuals but if he goes around telling half truths, they are not all half witted and will work out quickly enough that the Leader of the Opposition is not telling the truth. That is one of the things that adds to the Leader of the Opposition's credibility problem. If I were the Leader of the Opposition I would tell them the whole story because then they might think better of him.

Clause put and passed.

Clauses 3 and 4 put and passed.

Clause 5: Section 7 amended -

Mr WIESE: I raised this point during the debate on the second reading of the legislation, but it was not touched upon by the Minister in reply. I am disturbed about this clause because removing the words "relevant thereto" is a gross case of overkill. This clause will give the Commissioner of Taxation all the powers of entry and access to all the books, documents and papers he could possibly want. It is quite right and proper some control should be imposed by the Parliament on the commissioner. The control in the legislation at present is that all documents and papers, and everything else he requires, has to be relevant to his inquiries. This particular clause removes the need for any of those documents, papers or other materials that the commissioner asks a person to produce to be relevant to his inquiries. I do not think that is necessary and I would like the Minister to inform the Chamber why the powers of the commissioner are being expanded in such an horrific manner. I believe it is horrific to give the commissioner the power to require papers which may have no relevance to his inquiries.

Mr PEARCE: It is not designed to do what the member says. In fact it standardises this legislation with legislation that applies in most other States. Section 7(1)(a) of the principal Act reads as follows -

shall at all reasonable times have full and free access to all buildings and places and to all books, documents and other papers;

That has been there and there is no suggestion that this is a draconian widening of powers in that section over section 7(1)(c). I appreciate what the member says but the reason we are seeking to standardise this Act with the Acts in other States is to prevent a situation where huge legal arguments build up over the term "relevant", when a person will or will not produce a document which may have indirect reference to some of the matters under investigation. Even if they have indirect reference, my guess is they would be relevant, but courts sometimes make strange decisions. It has not been seen necessary to have that qualification anywhere else. It will not mean that the Commissioner of Taxation can go charging into one's house and grab every book one has, or every document or piece of paper -

Mr Wiese: But it does mean that.

Mr PEARCE: No, it does not. This legislation works in the context of all the other legislation we have. That means that the commissioner must at all times act reasonably. If he does not act in a reasonable way, there are all sorts of legal redresses. This is not a huge thing, but I appreciate the point the member makes - that sometimes Acts are phrased rather more widely than probably is necessary. For example, if one looks at some of the powers of fisheries' inspectors, such powers almost belong to the Third Reich. I used to point that out to Sir Charles Court whenever he introduced Bills that gave huge powers to the most minor of officials. In this case the proposed change to paragraph (c) will bring it into line with other legislation, with the rest of this legislation, and the commissioner will still be constrained by the requirement to act reasonably in all circumstances.

Clause put and passed.

Clauses 6 to 9 put and passed.

**Clause 10: Section 31B amended -**

Mr MacKINNON: Clause 10(a) reads -

in subsection (1) by deleting "after the coming into operation of section 10 of the *Stamp Amendment Act 1986*;

I have read that but I do not understand what it means. What does that clause mean and why is it to be deleted?

Mr PEARCE: That amends section 31B of the principal Act, by deleting reference to the commencement date of the original provision which was introduced in the Stamp Amendment Act 1986.

Mr STRICKLAND: I have some questions in respect of the addition of "goodwill". I take the point raised by the Minister that we are referring to the payment of duty on statements in the absence of dutiable instruments. I have done a little homework on this and I have found that because the Stamp Act is a revenue Statute, an important principle is involved; that is, that every charge upon a subject must be imposed by clear and unambiguous language. We have before us the word "goodwill". One definition of goodwill is that it is the benefit and advantage of the good name, reputation and connections of a business. It is an attraction which brings in custom. My concern is how this goodwill will be value added. I read an article on stamp duty by J.B. Carson, in which it was pointed out that there are three very important aspects to goodwill.

This relates to the purpose of attracting value for commercial worth which it represents. It states that before goodwill can be of any significance for valuation purposes three factors come into place; these are, that it must be capable of being transferred from one person to another; it is not able to be separated from the business to which it is attached and therefore is of value only when it is sold as an asset of the relative business; and it should be capable of being effective by the normal commercial factors such as death of partner, economic conditions or where the vendor has entered into an enforceable noncompetitive covenant. It has been pointed out in legal decisions that a business proprietor with know-how and an ability to attract custom can be said to possess his customers' goodwill. That serves as value to that person and increases that person's property, but that is not a saleable asset in itself. Therefore, there is a difficulty that I can see with the definition of "goodwill" as far as commercial law is concerned. Will goodwill be evaluated and is there some sort of estimate of the impact of adding goodwill? In other words, how many cases are likely to be examined and determinations made, given that it is not easily determined because there has not been a figure of money placed and paid on the transfer of the business?

Mr PEARCE: Stamp duty is payable on goodwill now: There is nothing new about that concept. What this clause does is extend the payment of stamp duty on goodwill when a transaction is not done in a contractual way. That is the only difference. The transfer of business and property can be only with goodwill attached because goodwill cannot be sold alone. It happens that in order to avoid the paying of stamp duty some transactions do not involve completed documentation, and we are trying to overcome that device with this provision. It is a case of people not completing the formal contract as a way of evading taxation which is due on transactions which do involve a contract. That is not an equitable situation and we are extending the ambit of the Act to catch those transactions not covered by a contract.

Mr STRICKLAND: I accept what the Government is doing, but my concern is how the determination is to be made, and who will make it. How big is the problem? Is it estimated that it involves 100, 1 000 or 10 000 people and roughly how much money is involved? I am concerned that the Government is going into airy fairy land with goodwill.

Mr PEARCE: Normally the amount valued is the amount of money which changes hands. If there is a contract of sale, the amount of money is clearly specified as the amount of money which changes hands. Therefore goodwill is fixed by the vendor and the purchaser involved in the deal.

Mr Strickland: That is not the case when the commissioner has to make a determination. What will he use to make that determination?

Mr PEARCE: There is an amount of money that changes hands which may not be documented. I am advised that businesses have become aware of the way not to fully

document the transfer in a way which will evade tax on the transaction. Of the people involved in the transactions I am told that 20 per cent are paying stamp duty and 80 per cent are not.

Mr Nicholls: Would any more tax be charged with a certain amount of money, and would the commissioner not have to rule on the goodwill component of the transaction?

Mr PEARCE: I would not be absolutely sure in that regard as there must be circumstances in which people seek to circumvent the provisions - as I mentioned earlier with used cars - in which case the commissioner would have this provision to make a determination. The Bill is designed to stop the back door route to avoiding taxation by not documenting the transaction.

Mr Nicholls: Would the commissioner not go in and make his valuation?

Mr PEARCE: Not when an agreed amount had changed hands for the goodwill. The commissioner may look if there were an attempt not to pay the proper tax by not having the amount paid for goodwill clarified.

Mr BRADSHAW: Paragraph 10(c)(g) gives me concern as it states the following -

by which the beneficial ownership of goods is changed or agreed to be changed . . .

Motor vehicles attract stamp duty. What is the difference between a motor vehicle and buying some goods such as a packet of Weeties over the counter? Can the Minister indicate whether that will attract stamp duty?

Mr MacKinnon: Paragraph 10(c)(f) raises a similar question.

Mr BRADSHAW: This might not apply now but the Government may want more revenue and start applying stamp duty to everything.

Mr PEARCE: I understand that this happens only with a series of transactions and does not apply to single transactions. The Bill states that it "is part of a series of transactions relating to goods and to property" shifting to the benefit of somebody else. It is designed to involve the situation in which a part transfer might not be documented and therefore the participants would not pay the full tax. For example, this could happen with a house that was full of furniture and fittings and a deal was done in a series of transactions. Part of this deal may not be documented and the Bill is designed so that the commissioner may look at the total cost of the transaction and the stamp duty which should apply. This avoids an incomplete documentation of the transaction.

Mr BRADSHAW: That does not answer my question. Buying a motor vehicle has nothing to do with buying property. Similarly, the same could apply to buying a packet of Weeties. The buying or selling of a motor vehicle is not covered by clause 10.

Mr Pearce: That is not done as a series.

Mr BRADSHAW: Are motor vehicles covered by a separate clause of this Bill?

Mr PEARCE: On page 27, clause 33 the transfer of motor vehicle is referred to. It states -

A transfer of a motor vehicle, or an interest in a motor vehicle where duty is chargeable under item 14 of the Second Schedule on the transfer of the licence of the vehicle.

There is a table on pages 26 and 27 of the Bill showing exempt business properties.

Mr NICHOLLS: What happens in the situation where no money changes hands? For example, a business may be run by a father and son and the father decides to retire and not charge his son anything for his share of the partnership. Would stamp duty be paid on the goodwill which could be attributed to the father's share of the business?

Mr PEARCE: Under those circumstances, the commissioner would impose a commercial value on the goodwill.

Mr WIESE: The sale of a farming property is generally undertaken on a walk in, walk out basis. In such a case, everything on the property changes hands in one sale. It is a similar situation to that which the Leader of the House has referred to; that is, where more than one transaction is involved in the sale. The sale of a farming property involves stock, etc. I want to make sure that in such a sale everything that changes hands will be exempt from stamp duty. I realise the actual transfer of the property will incur an enormous stamp duty, but

everything else involved is part of the one transaction. I ask the Leader of the House for an absolute assurance that such a transaction will be exempt from stamp duty.

Mr PEARCE: I draw the member's attention to schedule 3 on page 26 of the Bill which itemises business property exempt from stamp duty. The land will definitely be subject to duty and some objects may be subject to duty. The items exempt from stamp duty in regard to farming properties are outlined on page 27 of the Bill.

Mr STRICKLAND: If stamp duty is deemed to be payable on goodwill how will it be determined?

Mr PEARCE: The commissioner would make an assessment based on his assessment of the commercial value of the goodwill. The goodwill of an accountancy firm may be assessed on the gross turnover and the goodwill on a business may be assessed on its profits. There are ways in which the commissioner assesses the commercial value.

Mr Strickland: I was under the impression you were saying that goodwill will be determined between the amount of money -

Mr PEARCE: We are talking about different circumstances. I said that in most cases in which someone buys a business the goodwill is part of the contract of sale. In a proper contract of sale stamp duty is paid on the goodwill.

The member for Mandurah asked whether any duty would be levied in the case of someone passing his share of a business to a relative, or someone else, free of charge. The answer is yes, duty is levied on its commercial value. Under those circumstances the commissioner has to make an assessment of what he thinks the commercial value is and he would take into consideration whether the transaction was for money or for family reasons.

Mr Strickland: That is why I am saying it will be difficult. There should be some rules and that is what I am trying to establish. How can you do this?

Mr PEARCE: The commissioner has methods of assessing the commercial value. This Bill is not designed to be the definitive stamp Act.

Mr Lewis: Why are you bringing it in then?

Mr PEARCE: The rate is being raised as part of the Government's Budget. A number of things need to be done, including exemption for charities.

Mr Hassell: You lost a case in the Supreme Court.

Mr PEARCE: I would not mind betting that if I ran my eyes over the *Hansard* during the time the member for Cottesloe was a Minister I would find that he introduced Bills to bring back to the normal usage matters in which the courts had decided differently. It is a common process. Parliament passes a Bill and it is applied by administration. Under certain circumstances the court may rule that the words in the legislation do not meet everyone's understanding. In such cases the Government introduces amending legislation to meet the objections of the court. That is standard practice and the member for Cottesloe has been in this place long enough and he knows that it happened on many occasions when the Liberal Government was in power and Sir Charles Court was the Premier.

Mr Hassell: The taxpayer is the loser.

Mr PEARCE: The taxpayer was the loser under the Sir Charles Court system. The Parliament considers what is a fair thing and this Bill is amending legislation introduced by a previous Liberal Government. That Government legislated for this and then set a practice and muffed the legislation.

Mr Strickland: Do you accept my point? It was supposed to be a good principle and to be clear and precise. There will be difficulty in the area of goodwill and I ask if you will look into it.

Mr PEARCE: I will pass on the member's concern to the Treasurer because the Stamp Act is currently being looked at. The more precise one is in the form of words the more opportunity there is for loopholes. It is like a picket fence - the more precisely defined the pickets, the more precisely one finds the gaps. Many smart people in the world make their money finding these gaps. We are trying to prevent in taxation legislation the exercise of creative minds in an area which is not creative.

Mr Nicholls: Are you saying that this has to be introduced to get those people who are not paying stamp duty on goodwill to pay for it? The provision is already there. I am not convinced that the scope is there for people not to pay stamp duty for goodwill under the current legislation. The commissioner will apply his own value to transactions. I go back to the point I made: If someone's father has been in a business for a long time and does not contribute much to it and wants to retire, the commissioner may say that he owns 50 per cent of the business and stamp duty will be paid on 50 per cent of the goodwill.

Mr PEARCE: I understand the member's point, but that is not the intention for changing the legislation on this occasion. I suppose it is a fair possibility in the future. All I say under those circumstances is that constant vigilance is required from members on both sides of the House.

The DEPUTY CHAIRMAN (Mr Donovan): Order! I draw the attention of members to the proper use of the three time brackets that are made available for members to speak during the Committee stage of a Bill. As I understand it they have been designed to accommodate exactly this kind of information seeking exercise in relation to a clause by clause debate. It is appropriate to use the time brackets. I do not think it is appropriate when having exhausted them, or coming close to exhausting them, that debate persists from members involved. We could go on all day doing just that and that is not in the interests of orderly progression towards the conclusion of this debate. I ask members for cooperation in that regard.

#### *Point of Order*

Mr BLAIKIE: My point of order is not to argue against the ruling just made. However, the Committee stage of a debate is that stage where the flexibility of the Chairman is important to allow an interchange between members and the Minister in answering questions. In fact, the process of the Chamber is enhanced by what is happening now rather than using the more formal way of insisting that members speak within a time frame. I suggest that while you have given an indication, Mr Deputy Chairman, I hope that will not be a formal ruling because my concern is that the progress of the Chamber would be severely disrupted if that happened.

The DEPUTY CHAIRMAN: I do not think there is a point of order. I restate that as I understand it the purpose of Standing Orders is to do exactly as the member for Vasse has pointed out. Flexibility has been maintained and is being maintained at present. However, there is a point past which interjections are disorderly to the progress of the Bill and should not be extended. I thought it timely to remind members of these procedures, particularly those of us who are new, so that the Bill may progress in an orderly way.

#### *Committee Resumed*

Mr HOUSE: I do not wish to be pedantic about this matter but I want to make absolutely certain about the conditions applying to the walk in-walk out sale of agricultural properties. A walk in-walk out sale usually includes livestock, moveable silos, tools, grain that might be in the silos at the time of transfer of ownership, and a whole host of other things that can be picked up and put down such as headers, tractors and farm utilities. If they are to be caught in the net of the chattels part of this Bill, the Minister will find strong opposition from the National Party. I would like the Minister's assurance on record so that we are absolutely clear that it is not the Government's intention to catch those things in the net.

Mr PEARCE: I believe that is covered in the table to which I referred the member previously. For example, livestock is covered under subitem 4; subitem 13 refers to a transfer to a person of, or of an interest in, any implements or other chattels held or used in connection with primary production in the course of, or for the purposes of, or in connection with the acquisition by the person of a primary production business, and so on. Livestock is exempted specifically, as are any implements or chattels held for primary production. Grain and seed can be counted as stock in trade under subitem 1 and licensed motor vehicles are covered under subitem 14. Unlicensed motor vehicles used on the farm - and which cannot be used off the farm because they are not licensed - are covered under subitem 30 which refers to any implement or other chattels held in connection with a primary property. My understanding is that all the matters referred to by the Deputy Leader of the National Party are covered and that the only duty payable would be on the value of the land.

Clause put and passed.



**Clause 11: Section 40 inserted -**

Mr MENSAROS: I have heard the Minister's explanation of a question I raised. However, I do not think he gave a full answer. I will repeat the question: New section 40(2) states -

An instrument that operates as a conveyance or lease of or an agreement to lease land is not within subsection (1) (a) (ii) or (1) (b) (ii) in relation to that land unless the Commissioner is satisfied that the land -

(a) will be occupied solely by a body that has charitable purposes and the occupation is connected directly to one of those purposes; or

(b) will be used directly in carrying out an activity that is charitable and for no other purpose; or

(c) is intended to be significantly improved from donations or the use of voluntary labour and then to be sold and the proceeds applied for a charitable purpose.

I said during the second reading debate that that indicated to me that if a charitable organisation acquired a property which it used directly for charitable purposes - for instance, if the university decided that a building bequeathed to it could be used for the purpose of housing one of the business departments - no stamp duty would be payable because it would be exempt and would not come within the provisions of proposed subsection (2). If the university said it would keep the building tenanted and would collect rents from the tenancies at a profit and place them in its general revenue, ultimately, because the university is not a profit making organisation, that general revenue will augment the purposes of the university in one way or another. It could finish up directly augmenting a new chair, or whatever. If a property thus acquired is used commercially - in other words, it is being let and the profit is indirectly converted to the use of the university or the charitable organisation - it is my belief that it will be subject to stamp duty under the provisions of proposed subsection (2). That is precisely what several charitable organisations have asked me, and that is my interpretation after reading the legislation.

My direct question, therefore, is: If an acquired property is not used directly for the main purpose of the organisation - if, for instance, the Red Cross does not move into the building and carry out its charitable work from there but lets the building and then uses the revenue thus raised for that charitable organisation indirectly - is that liable for stamp duty?

Mr MacKINNON: I am unhappy with this clause and the direction the Government is taking with this legislation. I refer members to page 11 of the Minister's second reading speech so they can see exactly what we are debating. The Minister said the following -

However, the Supreme Court ruled recently that the Act did not convey any discretion on the commissioner, and that it was mandatory for an exemption to be allowed.

In other words it stands under the Supreme Court which ensures that charitable organisations are covered by the Act. We are not sure exactly who will be included because the clause presently contains the words, "a voluntary disposition for a charitable purpose."

This clause talks about charitable purposes. Could the Minister explain what "charitable purpose means"? It is not defined in the Act or in the amending Bill. Is a university included? If so, why are the words, "or similar public purposes" not included? It is quite clear to me that a significant change is being made, and the change is that charitable bodies which have this kind of investment, the money from which goes to supplement their charitable activities, will be penalised. It is quite simple and straightforward. It is therefore a tax on charities and on those who are less able to look after themselves. What is a charitable purpose? Who determines what a charitable purpose is? Does it include a university or a school?

Mr AINSWORTH: I share the concerns of the Leader of the Opposition, because it is apparent that the repeal of section 75AA, which specifically mentions universities in a separate way from other charities, means that it is doubtful whether universities are encompassed in "charitable purposes". If universities do not come under the ambit of charitable purposes, it means the removal of a stamp duty exemption for universities, which is a very worthwhile and valuable exemption and it should be retained.

Mr PEARCE: The intention is that it will include universities under these circumstances.

Mr MacKinnon: Why is the word not included?

Mr PEARCE: The question of what constitutes a charitable organisation is the subject of a huge range of legal decisions. It is defined by the common law, so it is not necessary to define it in the legislation. If cases come before the courts, a determination will be made in accordance with previous practice. We intend to include a very wide ambit of institutions as charities.

In reply to the member for Floreat, any house which is gifted to the university or to any other charitable body is exempt from tax by virtue of its being a gift. That is covered under proposed section 40(1)(a).

Mr Mensaros: The word "acquire" is used.

Mr PEARCE: I shall deal with the various categories. A gift to a charitable institution is exempt from stamp duty. If the charitable institution were left a house by someone who died, and it was used to house the institution's staff - in the case of a university, its administration, or in the case of the Red Cross, needy people - the charitable institution would not pay stamp duty on it. If the institution sold that house to a private person or to a business in a commercial way, the transaction would be subject to duty at the point of sale, but the stamp duty would be paid by the purchaser, not by the charitable institution.

Mr Blaikie: But the loss would be to the charity.

Mr PEARCE: Why would that be? Buildings change hands at the market value, and stamp duty is assessed on that market value. It would not be a loss to the charity - unless it proposed to increase the cost of the building by the amount of the stamp duty and then not pay the stamp duty. That is the only way the organisation could make a loss. In those circumstances the charity would not be liable for a cent.

If, for example, the university bought Forest Chase - it has almost enough money to do that - and let out all the shops to people who ran them for commercial purposes, and used that revenue in a commercial way, that would be different. That is a commercial transaction. Whether the university, the Red Cross or Armstrong Jones did that, they would have to pay stamp duty on that commercial activity. We feel the principle is right.

In the past the Opposition has argued that charitable organisations, or educational organisations, when undertaking ordinary commercial transactions, should pay a commercial rate of tax, otherwise they have an advantage over commercial bodies with which they may be in competition. The university might buy an office block and let it out, using the income for educational purposes, but if it were tax exempt it might let the offices more cheaply and thus gain an advantage over commercial people who must pay all these taxes without being in the position of being able to claim exemption. Members opposite will be aware of the many circumstances under which they have complained to me, particularly when I was Minister for Education, about educational enterprises becoming involved in commercial activities in a way which affected the viability of commercial people involved in those enterprises. In this case the distinction is quite clear. Where a charity or educational institution which is deemed to be a charitable institution for the purposes of this Act is acting in a purely commercial way unconnected with its charitable or educational mission, it is subject to the same taxes, including stamp duty, as anyone else who might be involved in that sort of commercial activity. That position has always applied.

Mr Mensaros: It has not.

Mr PEARCE: Except for one case, and that is the one about which the member for Floreat is talking. No charity has sought exemption for its charitable activities, and neither has it been given exemption. The one case of an institution which has received widespread exemption is the University of Western Australia. It is an estimable institution by any measure, but it has been receiving exemption for its commercial activities. The member mentioned the Red Cross; the Red Cross has not been receiving these exemptions.

Mr Mensaros interjected.

Mr PEARCE: Professor Lourens is a very clever man. This is no reflection on the new appointee, but I was very sorry that Professor Lourens was not made vice chancellor. I think the university may have made a mistake in not appointing him.

Mr Lewis: You do not owe anyone anything.

Mr PEARCE: I hope someone is writing this down as the motto of the member for Applecross. Say it again slowly so that everyone gets it.

Mr MacKinnon: That does not take away from the point you are making that he would have been a good appointment. He would have received the appointment on his merit.

Mr PEARCE: He should have received the appointment on his merits. His merits have been amply demonstrated in the service of the University of Western Australia. This smart operator managed to get the University of Western Australia into a charitable tax exempt status which was not available to the Brotherhood of St Paul, the Good Samaritans, the Red Cross or any of those charitable institutions. When the commissioner sought to apply the same rules to the University of Western Australia as applied to other charitable institutions, the university took the commissioner to court, and, as has been reported earlier this afternoon, was successful. We are seeking to reinstate in the Act the provision which has always applied to everyone else and apply it to the University of Western Australia as well.

Mr MacKINNON: I still have grave concerns about this clause. It is crazy for the Minister to say that when these charitable organisations are conducting commercial activities, they are in no way related to the charity itself. They are directly related, because the reduction of income which those institutions will suffer as a result of having to pay the stamp duty means they will have less in their pockets. The burden will fall back on the State. I sincerely hope that every one of those organisations will come to the State Government and say, "Because of the change in the legislation we are worse off and we would like an increase in our grant." I hope that the Minister will remember this and convey to the Treasurer and to the Minister for Budget Management that it does not matter, there is no connection. It does matter, and I for one am not happy with the proposed changes.

Mr WIESE: On what basis has the Government levied stamp duty on charitable bodies involved in commercial activities up to now? Was there any legal basis for it in the first place? It would seem to me that the Act was quite specific in granting these organisations an exemption.

Mr PEARCE: The member raises a fair question, and an even fairer one if he is saying those areas should have been exempt all along. The court has said all along that that is right. The reason is that a predecessor Government of ours muffed the legislation - it legislated in that way and assumed the commissioner had the capacity to use his discretion in a way which would draw a distinction between what such bodies were doing for charitable purposes and what they were doing for commercial purposes. That has been the situation in this State for decades. I do not know which Government muffed it, but I suspect it was a Liberal Government because in those days they mostly were Liberal Governments. What we must do now is correct that unfortunate error made by one of our predecessors. After all, one's role in history is to mop up after those who went before.

Mr WIESE: I will not get into too long an argument about that, but I still believe the term "public purposes" covers the fact that the organisations were using their commercial activities to support their charitable purposes. I disagree with what the Leader of the House is saying and with what he is trying to do because what those bodies are doing is for public purposes and they should remain exempt; hence my strong opposition to this clause.

The Act as it stands contains a very specific exemption for universities, or for charitable or similar public purposes. The Bill seeks to replace that with an exemption for certain instruments for charitable purposes. I want to ensure that what was covered by "charitable or other public purposes" and especially "other public purposes" will still be exempt under this clause even though it just talks about charitable purposes. Will the term "charitable purposes" in this clause cover those things which were previously covered in section 75AA?

Mr PEARCE: Our advice is that the parliamentary draftsman is not required to put a definition of charitable institutions in the Act because it is covered by the common law and by other Statutes. I make it plain that, in the terms that the member for Floreat pointed out, it is the intention of the Government that the University of Western Australia and charitable institutions be covered by the term "charitable institutions" in this Bill.

Mr NICHOLLS: I understand that under this clause the commissioner will be the person who actually decides what is a charitable organisation; common law will not. Is that correct?

I want to clarify whether the Bill allows the Commissioner of State Taxation to decide which bodies will be classed as charitable organisations and which will not.

I go further and ask whether, for example, a church which buys a house for homeless youth as a form of charity, by utilising that property in that way, will incur stamp duty on that purchase, bearing in mind that the transaction will be of a commercial nature. Could a group in the community, which is not recognised as a common charity such as the Red Cross, which gets together to purchase a property for use as a drop-in centre for youth, be classed as a charity? Or is that not covered or not possible under this legislation?

Mr Blaikie: The point you raise is very relevant. The Salvation Army has centres like that. I am quite involved with that organisation and it would be very anxious to know what is the situation.

Mr PEARCE: I have said a dozen times that if a charitable body buys a house to accommodate homeless youth or for some other charitable purpose, that transaction would not be subject to stamp duty. That includes such a body buying a property to house its own bureaucrats. Some of these organisations have a significant number of paid staff - and this is not a criticism of them; they need that staff in order to run their organisations properly. If they buy a house and put their staff in it we would consider that house was being used for charitable purposes and that transaction would not be subject to stamp duty.

However, clause 11 actually does not deal with charitable bodies or exemptions for charitable bodies, giving a list of charitable bodies; it deals with exemptions and instruments for charitable purposes, which is drawn much wider than a list purely of individual bodies. It is not inconceivable that a body which is not a charitable body for the purposes of the Act will be involved in some charitable project. For example, it is not inconceivable that Alcoa, a very commercial group, might become involved in a transaction for a charitable purpose and it is possible that the commissioner would decide that the instrument in which Alcoa was involved fell under the ambit of this clause. That is why we have not set a definition of "charitable body" in this Bill; neither was there one in the old Act. We are changing an existing piece of legislation which has worked quite well in the past.

Mr Nicholls: You said before that common law dictated what determined a charitable organisation.

Mr PEARCE: The member for Mandurah misunderstood me. If a body seeks an exemption on the basis that its instrument is for a charitable purpose the commission will make a yes or no decision. If the body is aggrieved with that decision, as was the University of Western Australia, it can go to court and the court can overrule the commissioner on the basis of common law or Statute law, as happened in the case of University of Western Australia. We cannot place the commissioner above the common law.

Mr Nicholls: You are giving him the ultimate power.

Mr PEARCE: No, any decision he makes is subject to a legal challenge. The only way we can override the common law is by enacting Statute law which specifically mimics or negates the action of common law. When the court comes to make a decision about the commissioner's ruling it will look first at the Statute law and then at the common law. In those circumstances we give the commissioner the powers but the court ultimately will determine the ambit of those powers.

Clause put and passed.

Clause 12: Sections 73F, 73G, 73H and 73I inserted and saving provision -

Mr MacKINNON: Mr Deputy Chairman, I wish to speak to clause 12.

The DEPUTY CHAIRMAN (Mr Donovan): I recognise the bid of the Leader of the Opposition but I remind him that twice I asked for indications of the clauses members wished to address and I did not have clause 12 as one of them. I seek the cooperation of the Leader of the Opposition on that.

Mr MacKINNON: I wished to speak to a helluva lot of the clauses; that is why I did not call them out.

The DEPUTY CHAIRMAN: I realise that.

Mr MacKINNON: I want some clarification on proposed new section 73H set out on page 10 of the Bill, which refers to franchises. As I read it, if I sign a franchise agreement with a company - say, Hungry Jack's - and get the franchise and operate it for, say, three years with a renewal for another three years, when I renew the franchise in three years' time, it may well be that, because I have been an excellent businessman and worked hard and built the business up, the business is worth a good deal more than when I first took out the franchise. If a franchise is renewed after three years must stamp duty be paid on the increased value of the business?

Mr PEARCE: This varies. Maybe a person buys a franchise which has expired, and effectively has to buy the franchise again, so stamp duty is paid on each transaction. I will discuss this matter with the Treasurer; perhaps he can provide a specific reply next Tuesday.

Mr STRICKLAND: What will be the effect of the amendment? Do people pay stamp duty, at the moment, every time a franchise is renewed?

Mr PEARCE: Franchises have not been covered by stamp duty in the past. The ambit of the Act is being extended to cover the sale of a franchise, but it depends on the way the arrangement works. If a year's franchise is bought, a fee is paid for that year. A franchise can be repurchased for a second and third year, or for as long as anyone wishes. An annual fee is paid each time a purchase is made. That is not unfair because on a 20 year purchase a person will pay 20 times the fee. We would not want a one-off fee on the purchase of a franchise because people would move to a smaller franchise time to limit the payment of stamp duty. This Bill covers new territory and people are now looking at franchise practices because stamp duty will be applied. If anomalies build up we will take them into consideration in our overall review.

Mr NICHOLLS: If a franchise transaction takes place outside Western Australia does that prevent the application of this provision?

Mr PEARCE: Someone is bound to test that point before the courts. The intention of the Act is specific. Where a business is carried out in this State, stamp duty will be applicable.

Mr Nicholls: Does that give people trading from the Eastern States an unfair advantage?

Mr PEARCE: No, because if they are trading with profits from the Eastern States they would pay stamp duty here as well.

Mr Nicholls: And what if those people open an office here?

Mr PEARCE: They are subject to the same arrangements.

Mr KIERATH: In the case of multiple partnerships, such as with accountancy and legal firms, and medical practices, is any person who acquires a share, or a further share, covered? In many practices as each year passes the seniority in the partnership is reassessed. The partners' shares are increased. Are those shares subject to stamp duty? If so, how many firms will be affected and how much revenue will be produced?

I refer to proposed new section 73G(2). How will this provision be policed, and how much revenue will be raised in this regard?

Mr PEARCE: Regarding a junior partner receiving an increased share in a business over time, stamp duty would be payable on the increased share as it relates to the capital property. If a person worked in a business, in leased premises, and the only return at the end of the day is a share of the profits, stamp duty would not apply. Stamp duty is paid on the increased share in the ownership of the capital.

The value placed on knowledge is a matter for the commissioner's evaluation.

Mr KIERATH: What level of revenue is expected from this source? What will firms be contributing? I understand the commissioner has established a rule of thumb regarding limited partnerships. However, there is no method of evaluation. The commissioner will look at last year's profit figures as a measure of goodwill. For instance, when an accounting firm has formed a limited partnership its income is from fees generated by the partners; that is related to labour. If the salary of a junior partner is \$50 000 per year, my understanding is that he will pay stamp duty on that amount when he joins the business. If a junior partner pays \$50 000 to get into the partnership, or if the net income for the year is \$50 000, he will pay stamp duty on that figure. That is established because the measure of goodwill is the last year's profit figure. The commissioner has indicated that would be his attitude.

Mr Pearce: When a person is extending the ownership of a business, would they not pay for that?

Mr KIERATH: No. According to seniority and other factors, such as the number of partners and the growth in fees - perhaps the income is \$100 000 - a share in the partnership might have increased by way of units in the partnership. A partner has his seniority, and the fees which he brings in; in other words this depends on how successful a partner has been. If a partner acquires a further share - and this is commonplace in accountancy, legal and medical areas - he can get caught up in that sort of scheme. In that case, will stamp duty be payable?

Mr PEARCE: It is difficult for me to answer specific questions in these circumstances, even with the advice available to me. The Treasurer may be better at this, although I suspect he would have had difficulty responding in a specific way. In general terms, if we are talking about a share in the partnership as being a share in the profits then stamp duty is not applicable. When a person buys into a partnership, he or she pays a sum of money for the share and that would be subject to stamp duty in the normal way. If the interest in the business is extended by buying a further share - by paying more money - the payment of the extra sum would attract stamp duty. However, if the arrangement were an internal one of the kind referred to by the member, and there were no extra payment, stamp duty would not be paid.

Mr KIERATH: In many cases, that increase in the number of shares does not result in an increase in payment. It may reflect an increase in value because it may reflect seniority in the firm or the increasing fees brought in. However, I am still not convinced that the Minister has answered the question. These people acquire that share by way of seniority, not by a transfer of money.

Mr Pearce: I understand what the member is saying. It is hard for members to lay out someone's case and ask me to give a specific ruling on it today. I cannot do that in every case. One would have to see the detailed circumstances of an individual's case before one could make a judgment.

Mr KIERATH: I am trying to make the point that this is a common practice in professional firms in Perth. What sort of revenue is the Government expecting to gain through this clause of the Bill? I think that is important. Is the Government trying to cover all of these firms or is it going after some other scheme and this clause was included to cover the catch-all situation? I would like an explanation on proposed section 73H(2). This is a very wide provision and I want to know a little more behind the rationale for its inclusion in the Bill.

Mr PEARCE: I can speak again only in general terms. The position under this legislation is not different from the existing circumstances. In those circumstances, one is subject to stamp duty only if one is paying additional money to buy a share in the capital of a business. The member has suggested that these sorts of operations are widespread. I am referring to the general rules. I know people do not always follow the general rule and they set up business in different ways for different purposes to try to get around various Acts including taxation legislation. I cannot refer to specific cases but only the general rule, so there should not be any great catching of those people referred to by the member.

Mr Kierath: Would you place on the record the fact that, in the case of the increasing number of partnerships to which I have referred, the Government is not trying to catch them unless there is a transfer of money?

Mr PEARCE: I would have to see the circumstance before I can be specific. The member is putting up a generalised proposition and asking me to be specific.

Mr Kierath: It is very common.

Mr PEARCE: I know it is.

Mr Kierath: Every accounting firm operates in this way.

Mr PEARCE: I know they do, but the member knows about a contract cleaning business. People set up businesses differently. They have a common thread on how they do it.

Mr Kierath: They are done differently. We are talking about professional partnerships.

Mr PEARCE: I know we are talking about professional partnerships. Even professional partnerships are differently structured.

Mr Kierath: There is a great deal of similarity in the way the accounts are done.

Mr PEARCE: I know that. In the similarity, the general rule is that if payment is not being made to increase a share of the capital in the business, there will be no stamp duty. I cannot say that will apply in every case, because people might structure their businesses so that the general rule may not apply.

Mr WIESE: If a son were brought into a family farming partnership or the parents left a partnership, can the Minister guarantee me that that transaction would be exempt?

Mr PEARCE: If someone not involved in a farming partnership is given an interest in the capital, stamp duty is payable. If an interest in the capital of a partnership passes from one person to another, that transaction has value and the value attracts stamp duty.

Mr STRICKLAND: Reversing that case, what occurs in the case of someone coming into a partnership and the value of the partnership is then shared by more partners so that the value decreases?

Mr PEARCE: In the normal circumstances, the case of someone buying a proportion of a partnership either by buying somebody out or diluting the partnership share in the capital of the other partners shares - in which case a proportion of his buy-in price would go to the other partners - would attract stamp duty in the normal way. They always have. The question has been raised of a partner giving away a portion of a partnership to a son and whether that attracts stamp duty. My advice is that it does.

Mr Strickland: What about in the case of a decreasing benefit in a partnership?

Mr PEARCE: All that does is change the base of the valuation and not the circumstances of the transfer. The giving of a portion of a partnership is no different from selling it. If someone unrelated to the family buys into a partnership, he diminishes the holding of the other partners and stamp duty would be payable. Where a member of a family gives a portion of the partnership to a relative, the transferring of that portion is subject to stamp duty as it always has been and will continue to be. If the value is transferring, it has been subject to stamp duty in the past and will continue to be in the future. The nominal disposition of who is giving and who is losing value would vary from partnership arrangement to partnership arrangement. It is no different in terms of giving than it was in terms of selling.

Mr NICHOLLS: I refer to a point raised by the member for Riverton, to which the Leader of the House did not respond, and I seek his clarification of proposed section 73H(2) relating to a person who is provided with information or technical know-how and who is deemed to have acquired the right to use the information or know-how. Am I correct in assuming that stamp duty will not be applied to the knowledge or know-how of a person who moves from one area to another or who is affected in his occupation or learning capacity?

Mr PEARCE: A value would be attached to know-how only if it were part of a greater package; that is, it is part of the property involved in a larger transaction.

Mr Nicholls: Give an example.

Mr PEARCE: If a manufacturing business were purchased, in which a big proportion of the value of the business was tied up in a patent, that would be assessable for stamp duty.

Mr Nicholls: What is the know-how?

Mr PEARCE: It is in the patent.

Mr Nicholls: Is it the individual's know-how?

Mr PEARCE: Stamp duty is payable only on an asset that transfers. There are transactions in which an asset might be part of the know-how of the business. For example, a formula for the manufacture of paint. It must be tangible knowledge in a way that has a realistic value in the purchase price of a business. For example, it could involve a factory using a special manufacturing process which is making huge profits and, although the factory is worth only \$500 000, the value of the total business is \$10 million. In those circumstances stamp duty would be payable on \$10 million.

Clause put and passed.

Clause 13: Section 75AA repealed -

Mr MacKINNON: I do not want to talk specifically about clause 13 although it had been my intention to do so. The Opposition will reluctantly honour the agreement it made earlier this week. I apologise to members of the Opposition for the position in which we now find ourselves. On Tuesday the Government wanted to bring on this Bill for debate, and the Opposition sought to defer it pending submissions from the business community and others on this important legislation. It should be borne in mind that the Budget was introduced in this Parliament on 31 August and this Bill was not introduced until the end of September. The Opposition has had limited time in which to examine the legislation and, as this debate has indicated, it contains a great deal of detail which warrants exhaustive debate. Because the Government agreed to defer the legislation to allow the Opposition to obtain further submissions from the business community and others, we do not have time to debate important clauses of the Bill, including matters related to housing, exemptions applied thereto, and, most importantly, the question of chartels. Although the Opposition will honour the agreement made, it does so with some reluctance and indicates that it should not have been placed in this position. It is most unsatisfactory bearing in mind the importance of the legislation. The Opposition is unable to represent the points of view of those people for whom it requested a deferral with the hope of representing their opinions in this most important Committee stage of the Bill.

Mr WIESE: I also express my extreme disappointment at what is about to happen. I likewise indicate my most reluctant agreement to this course of action. Some extremely important matters need to be discussed in the Committee stage and I am very disappointed that we shall not be allowed to carry on with that task and to do our duty as members of Parliament. This legislation has most important implications for the whole community, and I do not believe the community, or even we as members of Parliament, are completely aware of them all because we have not had the opportunity of going through the full procedure.

I understand that the Committee stage of the debate is about to be finalised and the task will be left to the upper House. I accept that an agreement has been made with regard to the business of the House, but if the Government wishes to perform its task of governing this State it should reconsider the position and take the necessary steps to ensure that the Committee debate is allowed to continue at some future date. I express in the strongest terms my grave disappointment at what I understand is about to take place. I make a plea to the Minister to allow time at a later date to complete the Committee stage of this Bill in the appropriate manner.

Mr PEARCE: It will be very difficult for the Chamber to work on a co-operative basis if this happens again. I listed these two Bills for discussion last Tuesday, which was more than two weeks after their introduction and the standard rule in this place is that a Bill can be dealt with a week after its introduction. In Sir Charles Court's time a week was allowed, no matter what request was made for a deferment - after seven days the Opposition was on its way. In some circumstances only five days were allowed. The Deputy Leader of the Opposition approached me on Tuesday asking for more time before debating these Bills in order to seek advice on them. The Government tried to be cooperative in this matter, but it is between a rock and a hard place. People in the business community want to know where they stand before 1 November when this legislation comes into effect. Although the Bill makes provision for coming into effect retrospectively, the business community is pressing for a decision on this Bill. I arranged with the Opposition to agree to that deferral on the basis that the Bill would pass through this House by Thursday and the upper House by next Thursday. Otherwise, these Bills could have been dealt with during most of Tuesday's sitting, the Government's time on Wednesday and today. The Government's timetable would have allowed for the type of discussion the Opposition wants. However, a compromise was reached to suit us all. It will be hard for me to agree to such arrangements in future if I find at the end that the Opposition has not made an effort to constrain the use of time so that the Bill can be properly debated, and then makes protests of this kind. In future Bills will be debated when the Government plans to do so.

Mr Kierath: I thought we had a good discussion.

Mr PEARCE: I thought we had a good discussion too, and I would have been happy to get involved in that discussion from the middle of Tuesday afternoon. I appreciate that members have made an effort to accommodate what has been done, but if arrangements are made to deal with Bills, they must be honoured.



Clause put and passed.

Clauses 14 to 33 put and passed.

Title put and passed.

*Report*

Bill reported, without amendment, and the report adopted.

*Third Reading*

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Pearce (Leader of the House), and transmitted to the Council.

**STAMP AMENDMENT BILL (No 4)**

*Second Reading*

Debate resumed from 28 September.

MR MacKINNON (Jandakot - Leader of the Opposition) [5.31 pm]: This Bill makes provision for the savage increases which we talked about earlier in the debate. I express the Opposition's concern about those increases, and repeat that we are now placed in the position where a proper debate on this Bill is not able to be concluded.

Question put and passed.

Bill read a second time.

*Third Reading*

Leave granted to proceed forthwith to the third reading.

Bill read a third time, on motion by Mr Pearce (Leader of the House), and transmitted to the Council.

**PERTH-JOONDALUP RAILWAY BILL**

*Message - Appropriations*

Message from the Lieutenant Governor and Administrator received and read recommending appropriations for the purposes of the Bill.

**STAMP AMENDMENT BILL (No 4)**

*As to Third Reading*

MR PEARCE (Armadale - Leader of the House) [5.32 pm]: I understand the arrangement which was made, and I am not happy about the way this matter was dealt with in terms of its having reached the stage where the Bill was dealt with without debate. I do not believe that is the right thing for the House to do. I do not know what procedure I should use, but I seek leave to withdraw or rescind the vote which has just been taken on this Bill. We could take some time on Tuesday to deal with this matter.

The DEPUTY SPEAKER: I understand that under Standing Orders, a rescission motion cannot be moved.

Mr PEARCE: The Government's intention is clear. We do not want to set a precedent that will bind us for centuries, but if we could confer with the Clerk and the Opposition behind the Chair after question time, we may be able to find a vehicle to enable this matter to be discussed on Tuesday.

[Questions without notice taken.]

*House adjourned at 6.04 pm*

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QUESTIONS ON NOTICE

SWAN BREWERY SITE - DEVELOPMENT PLANS  
*Federal Government - Full Control*

943. Mr COURT to the Minister for Planning:

- (1) Does the Federal Government now have full control over plans for the development of the Swan Brewery site?
- (2) If yes to (1), under what law does it have this control?

Mrs BEGGS replied:

- (1) No.
- (2) Not applicable.

EDUCATION - KALGOORLIE COLLEGE ANNUAL REPORT  
*Computer Equipment - Company Supply*

1219. Mrs EDWARDES to the Minister for Employment and Training:

Can the Minister advise as to which companies supplied to the Kalgoorlie College the following equipment, hardware and software, referred to in the Kalgoorlie College annual report for 1988 -

- (a) three NEC AT APC 4 computers;
- (b) Hyundai EE to XT computers;
- (c) EGA screens and hard disks;
- (d) three Autocad version 9; and
- (e) Knowledgeman version 5?

Mr TROY replied:

- (a) Equipment purchased from NECTEC, Perth, Western Australia;
- (b)-(c) Y MICRO, Osbome Park, Western Australia;
- (d) PROCAD, Subiaco, Western Australia in conjunction with Office of TAFE; and
- (e) Intelligent Nexus Corporation, Blackrock, Victoria.

EDUCATION - COLLEGES, KALGOORLIE, KARRATHA AND HEDLAND  
*Equipment Sales - Advertising Policy*

1220. Mrs EDWARDES to the Minister for Employment and Training:

What is the policy operating at the Kalgoorlie College, Karratha College and Hedland College of advertising material relating to the sale of equipment or goods -

- (a) being placed in lecture rooms; and
  - (b) being displayed on campus
- where the equipment or goods is -
- (i) not in direct competition with the college bookshop; and
  - (ii) in direct competition with the college bookshop?

Mr TROY replied:

(a)-(b)

The sale of equipment of goods within the independent colleges, including the operations of the various college bookshops, is a matter for the individual councils to determine. If the member has specific concerns in regard to this matter, I would be pleased to investigate them further.

**STATE GOVERNMENT INSURANCE COMMISSION - WORKERS' COMPENSATION**

*Claims - Total Payments*

1245. Mr TRENORDEN to the Deputy Premier:

What were the total actual claims paid by the State Government Insurance Commission in workers' compensation for the year ending 30 June 1989?

Mr PARKER replied:

(a)	Government Insurance Fund	\$42 688 756
(b)	Insurance Commission General Fund	\$22 246 985
(c)	Corporation	<u>\$29 493 440</u>
	Total	<u>\$94 429 181</u>

**SUPERANNUATION FUND - DENMARK SAWMILL**

*AMP Society, Administration Failure - Office of Industrial Relations, Awards List*

1250. Mr HOUSE to the Minister for Labour:

As a consequence of inquiries by the Office of Industrial Relations into the alleged failure of the Australian Mutual Provident Society to administer the Denmark sawmill superannuation fund in a competent manner -

- (a) has the Minister asked the Office of Industrial Relations to prepare a list of awards that include provisions for employer contribution into a superannuation fund on behalf of workers and where the AMP Society or any of its associated companies is wholly or partly responsible for the administration of that superannuation fund;
- (b) if yes, has the Minister asked that the Office of Industrial Relations check to see that each of these funds is being administered competently and that all contributions are being made in accordance with the various awards; and
- (c) if no to (a) and (b), will the Minister do so?

Mr TROY replied:

- (a) No. However, where occupational superannuation is an award entitlement, the industrial advisory and inspection branch of the Office of Industrial Relations has a register of awards that require employers to contribute to superannuation funds. In addition, the WA Industrial Relations Commission publishes details of awards and orders containing superannuation provisions in the *WA Industrial Gazette*.
- (b) The Office of Industrial Relations does not have any authority to investigate the administration of superannuation funds. If superannuation is an award entitlement and an employee alleges a failure by the employer to make contributions to a fund, an investigation will be conducted by the industrial advisory and inspection branch.
- (c) No. The industrial advisory and inspection branch has a statutory obligation to secure compliance by all parties with the provisions of the Industrial Relations Act and awards and orders made under it but has no jurisdiction to investigate the administration of superannuation funds. I have asked the Attorney General to investigate whether there is some other Statute that would provide for such an investigation. I will advise the member of the Attorney General's advice in due course.

**SUPERANNUATION FUND - DENMARK SAWMILL**

*Employer's Contribution - Employee's Contract of Service*

1251. Mr HOUSE to the Minister for Labour:

Further to my question without notice 144 asked on 19 September relating to the Denmark sawmill - that is, McLeans Sawmill - superannuation fund -

- (a) Is it, or was it, a term of the employees' contract of service that the employer will contribute to a superannuation fund on their behalf?
- (b) if no, once an employee has agreed to become a member of a superannuation fund, is it a contractual condition that the employer must maintain his contributions;
- (c) can the Minister advise whether the employer has breached that contract and, therefore, the employees may seek enforcement of the contract before the Western Australian Industrial Relations Commission;
- (d) has the Australian Mutual Provident Society, or any of its associated companies, been wholly or partly responsible for managing or overseeing the management of the Denmark sawmill superannuation fund;
- (e) if yes to (d), has it received fees or other payments from the employees or the employer for its services and have such fees or other payments been in accordance with the contractual arrangement between the employees and the employer in relation to the superannuation fund;
- (f) is there any evidence that the AMP Society, in its role as administrator of the Denmark sawmill superannuation fund, took steps to advise employee contributors that the employer's contributions on their behalf had stopped; and
- (g) can the Minister assure the House that the officer from the Office of Industrial Relations who is investigating this matter will make available all relevant departmental files to assist the employees at the Denmark sawmill in any damages action they may take against the AMP Society for its alleged failure to administer the Denmark sawmill superannuation fund in a competent manner?

Mr TROY replied:

The Office of Industrial Relations is currently investigating the matter. The issue is complex and much of the information required to answer it is not publicly available. An officer from the Office of Industrial Relations has spoken to representatives of the Australian Mutual Provident Society and TPA Group Ltd. On the basis of these discussions I respond as follows -

- (a) Yes. After six months employment with McLeans Sawmill (1966) Pty Ltd, employees were offered the opportunity to join the McLean Sawmill (1966) Pty Ltd staff superannuation scheme. This particular superannuation scheme was managed by Guardian Assurance. In October 1987, following the establishment of McLean Consolidated Pty Ltd, employee contributors of the McLean Sawmill (1966) Pty Ltd staff superannuation scheme had their membership transferred to the TPS Group Ltd staff superannuation scheme;
- (b) once an employee joins the superannuation fund, the employer is contractually obligated in accordance with the trustee to maintain its contributions to the fund;
- (c) in advice dated 17 October 1989 to members of the TPS Group Ltd staff superannuation fund, it is acknowledged that there has been a shortfall in the employer contributions to the fund. However, the TPS Group Ltd Board of Directors has resolved that the company will meet the shortfall in contributions. Such payment will be made direct to the new superannuation fund of which the employees concerned are members. The payment will include interest at the rate of 15 per cent per annum for the period 1 May 1989 to the date on which TPA Group Ltd makes up the shortfall. If there has been any breach of the contract of employment, an individual employee can make a claim pursuant to section 29(b) of the Industrial Relations Act;

- (d) yes. The TPS Group Ltd staff superannuation fund was managed by the AMP Society;
- (e) yes. The AMP Society has received fees for administering this fund and, on the basis of the advice conveyed by TPS Group Ltd, this has been in accordance with the requirements of the fund;
- (f) the AMP Society, in its role as administrator of the fund, is not entitled to correspond with the employee contributors but rather the trustees of the fund. I am advised that the shortfall in the employer contributions has progressively occurred over the period 1988-89 and that this advice was only conveyed to the trustees some four months ago; and
- (g) yes.

#### STATE GOVERNMENT INSURANCE COMMISSION - INVESTMENTS

##### *Rothwells Ltd Deposit - Security*

1269. Mr MacKINNON to the Treasurer:

What other security, other than the Paragon shares referred to in question 1082 of 1989, did the State Government Insurance Commission obtain for the Rothwells deposit referred to in the answer to that question?

Mr PARKER replied:

The SGIC advised -

In answer to question 1082 of 1989, we listed our holding in Paragon Resources NL as:

Date Acquired	Number of Shares
26.8.88	3 000 000
16.9.88	3 500 000
31.10.88	2 044 393

and attached the note "acquired as security on Rothwells deposit . . .".

This referred to (but not clearly marked) the holding of 2 044 393 Paragon shares.

On 30 September 1988 a deposit of \$4.00 million was made in Rothwells to mature 31 October 1988.

Security given for this deposit was:

- 1. 2 044 393 Paragon Resources NL                      Ord Shares
- 2. 2 832 000 Intellect Electronics Ltd              Ord Shares
- 3. 5 000 000 Lombardo Ltd Convertible Notes

Answer to question 1268 is therefore:

- 1. 2 832 000 Intellect Electronics Ltd              Ord Shares
- 2. 5 000 000 Lombardo Ltd Convertible Notes.

#### AGRICULTURAL DISTRICTS - LAND CLEARING

##### *Reserved and Restricted Areas - Commissioner of Soil Conservation*

1278. Mr HOUSE to the Minister for Agriculture:

- (1) For each of the agricultural district areas of Albany, Bridgetown, Bunbury, Busselton, Esperance, Geraldton, Harvey, Jerramungup, Katanning, Lake Grace, Manjimup, Merredin, Metropolitan, Midland, Moora, Narrogin, Northam and Three Springs, will the Minister please provide the following information for each of the 1987-88 and 1988-89 financial years -
  - (a) the total area for each district which the Commissioner of Soil Conservation reserved from clearing because those areas were likely to be a degradation hazard if cleared;
  - (b) the total number of applications for each district for which the Commissioner of Soil Conservation placed restrictions on clearing

because those areas were likely to be a degradation hazard if cleared; and

- (c) the range of areas for each district reserved from clearing by the Commissioner of Soil Conservation?
- (2) For the Albany agricultural district, will the Minister please provide information for the 1987-88 year -
  - (a) the location of the Albany agricultural district with respect to shire boundaries in the region;
  - (b) the numbers of conservation notices issued by the Commissioner of Soil Conservation; and
  - (c) the reasons for each conservation notice issued by the Commissioner of Soil Conservation?
- (3) For the Albany agricultural district, will the Minister please provide information for the 1988-89 year -
  - (a) the number of conservation notices issued by the Commissioner of Soil Conservation;
  - (b) the area affected by conservation notices issued by the Commissioner of Soil Conservation; and
  - (c) the reasons for each conservation notice issued by the Commissioner of Soil Conservation?
- (4) With reference to the answer to part (4)(b) of question 836 of 1989, in which the Minister for Agriculture stated that the total area of privately owned land which had been cleared in 1988-89 and the timber sold to Western Australian Chip and Pulp Co Pty for woodchips in Manjimup Shire was 755 hectares, does the Government accept the Environmental Protection Authority's assessment of the Western Australian Woodchip Industry - Bulletin 329 July 1989 p.x - that -

"The Environmental Protection Authority concludes that the clearing of remnant native vegetation on private property for the purpose of producing woodchips is, in general, environmentally unacceptable. The Environmental Protection Authority recommends that this not be permitted except for individual exceptions authorised by the Minister for Environment."?
- (5) If so, why has the State Government continued to permit WACAP to clear remnant vegetation from private property for the purpose of producing woodchip?
- (6)
  - (a) Does the Government intend to implement the EPA's recommendation referred to above; and
  - (b) if not, why not; and, if so, when?
- (7) With reference to the answer to part (4)(c) of question 836 of 1989, in which the Minister for Agriculture stated that the total area of privately owned native forest converted to commercial tree plantations in the Manjimup Shire in 1988-89 was 250 hectares, does the Government accept the Environmental Protection Authority's assessment of the Western Australian Woodchip Industry - Bulletin 329 July 1989 p.x - that -

"The Environmental Protection Authority concludes that the clearing of remnant native vegetation on private property to establish plantations is, in general, environmentally unacceptable. The Environmental Protection Authority recommends that it not be permitted except for individual exceptions authorised by the Minister for Environment."?
- (8) If so, why has the State Government continued to permit the continued clearing of remnant native vegetation on private property to establish plantations?

- (9) (a) Does the Government intend to implement the EPA's recommendation referred to above; and  
 (b) if not, why not; and, if so, when?

Mr BRIDGE replied:

- (1) (a) The procedure with a notification of intent to clear is that a map indicating the areas intended for clearing is prepared by the land user. The Commissioner of Soil Conservation reviews the clearing intentions and identifies land not suited to clearing and recommends alteration to the plan. Where there is agreement between the land user and the Commissioner of Soil Conservation the map is the relevant document. When the land user does not voluntarily agree to the amendments a soil conservation notice is served. The vast majority of land users have reached an agreement with the commissioner voluntarily.

To date there has not been a need for the data indicating area agreed as not suited to clearing. However, that information is now being extracted from the maps and will be available early in 1990.

- (b) The following soil conservation notices have been served in 1987-88 and 1988-89 to prevent clearing -

	1987-88	1988-89
Albany	3	6
Harvey		1
Merredin	1	
Metropolitan	1	
Moora	1	1
Northam		1

- (c) The areas of land reserved from clearing by notice varied from three hectares to 502 hectares.
- (2) (a) The Albany agricultural district encompassed the Shires of Albany, Cranbrook, Denmark and Plantagenet.  
 (b) four; and.  
 (c) notices were issued on the basis that "clearing constitutes a land degradation hazard by increasing recharge to the ground water system" or "a potential for land degradation hazard will exist if deep sandy soils are cleared of native vegetation and replaced by pasture species". One notice was on the basis of a land holder causing erosion constructing a bank.
- (3) Albany agricultural district, 1988-89 year -  
 (a) six;  
 (b) 379 hectares; and  
 (c) "area if cleared would constitute a land degradation hazard," and "that potential land degradation hazard will exist if clearing proceeds."
- (4) The Environmental Protection Authority's assessment of the Western Australian woodchip industry was considered by the Minister for Environment, who subsequently liaised with rural producers and the conservation movement as well as several ministerial colleagues before reaching a decision. The Minister for Environment established conditions on the renewal of the licence for WACAP and delegated responsibilities to administer those conditions on private land to the Commissioner of Soil Conservation. These actions supersede the EPA recommendations.

- (5) Not applicable.
- (6) (a) The Government has implemented in full the conditions relevant to the WACAP licence renewal relating to private land; and  
(b) Not applicable.
- (7) The Minister for Environment considered the EPA recommendations and after consultation with other interested parties set specific conditions on the WACAP licence relating to clearing remnant vegetation for plantations.
- (8) The Government has permitted clearing of remnant vegetation on private properties to establish plantations where the land holder met the specific conditions of the WACAP licence renewal and the responsibilities delegated by the Minister for Environment to the Commissioner of Soil Conservation.
- (9) (a) The Government has implemented in full the conditions relevant to the WACAP licence renewal relating to private land; and  
(b) not applicable.

STATE GOVERNMENT INSURANCE COMMISSION - LIFE INSURANCE AND INVESTMENTS

*Insurance and Superannuation Commission - Requirements Compliance*

1309. Mr MacKINNON to the Treasurer:

- (1) Does the State Government Insurance Commission comply with the Insurance and Superannuation Commission requirements for its life insurance business and investments?
- (2) If not, why not?

Mr PARKER replied:

- (1) The SGIC advises me that it does.
- (2) Not applicable.

LAND - CLAREMONT RAILWAY STATION  
*Asset Management Task Force - Change Proposals*

1310. Mr MacKINNON to the Deputy Premier:

- (1) Is the Government's Asset Management Task Force looking to dispose of or change in any way the land which is adjacent to the Claremont Railway Station and currently under the ownership of Westrail?
- (2) Do those plans include the possibility of altering road alignments in that area?
- (3) Do those plans also include the possibility of changing the Royal Show Railway Station?
- (4) Has any discussion been held with the Royal Agricultural Society about these changes?
- (5) If not, why not?
- (6) When is it likely that any such proposed changes which are being considered by Government will be announced?

Mr PARKER replied:

(1)-(6)

The Asset Management Task Force, as part of the Government's review of all surplus or underutilised State-owned assets, has been directed to examine and prepare a study report on the future use of the Westrail land holding at Claremont. The study report has not yet been finalised but any comprehensive review of the area would necessarily have to include the option of a possible road and rail realignment.

To ensure that any recommendations on future use of the land at Claremont fully consider the needs of interested parties, the task force has spoken on several occasions to the Town of Claremont, Claremont Businessmen's



Association, Royal Agricultural Society, the Claremont Historical Society and the Claremont Football Club.

The Royal Show railway station is outside the AMT study area.

The AMT report on the Westrail land holding at Claremont once finalised will be available for perusal by all interested parties.

**STATE GOVERNMENT INSURANCE COMMISSION - ROTHWELLS LTD**  
*Provisional Liquidator Appointment - Total Exposure*

1335. Mr COURT to the Deputy Premier:

- (1) What was the State Government Insurance Commission's total exposure to Rothwells when a provisional liquidator was appointed to Rothwells?
- (2) Has the SGIC received any repayment of these funds?
- (3) If so, how much has it recovered and when were these amounts paid?
- (4) When will the balance of the recoverable funds be paid?

Mr PARKER replied:

- (1) A Proof of debit was accepted by the liquidator of Rothwells Ltd of \$87 161 239.72.
- (2) No.
- (3) Not applicable.
- (4) Unknown until advised formally by the liquidator, although some securities and provisional payments have now been forecast to be likely for payment between November 1989 and January 1990.

**ROTHWELLS LTD - STATE SUPERANNUATION BOARD**  
*Deposit*

1337. Mr COURT to the Deputy Premier:

- (1) Did the State Superannuation Board lend money to Rothwells over the past three years which was secured only by the issuing of Rothwells' paper?
- (2) If so, what was the maximum amount lent out at any one time in this way, and what interest rate was charged for those borrowings?

Mr PARKER replied:

- (1) No. However, the board had over a number of years deposited surplus funds with Rothwells as part of its overall investment and cash management policy. As normal practice such deposits were secured by commercial bills.
- (2) The maximum deposit with Rothwells at any one time was \$55 million. Interest rates during the period varied; however, they were at prevailing commercial rates.

**STATE GOVERNMENT INSURANCE COMMISSION - SPEDLEY SECURITIES LTD**  
*Losses*

1340. Mr COURT to the Deputy Premier:

- (1) What is the latest estimate of the losses that the State Government Insurance Commission will face in relation to its financial dealings with the failed financier Spedley Securities?
- (2) When will the final precise figure be known?

Mr PARKER replied:

- (1) The outstanding deposits and accrued interest due from Spedley Securities Limited is \$31 131 360.36 and has been submitted in a Proof of Debt to the official liquidator. A provisional report by the liquidator has indicated a preliminary return to unsecured creditors in a range of between 21¢ in the dollar and 7¢ in the dollar.

- (2) It is unknown at this time when a final, precise figure will be known from the official liquidator. Currently the advisers to the State Government Insurance Commission, Whitlam Tumbull & Co Ltd, are evaluating the position and action that could affect the final estimates for recovery in this matter.

**ASSET MANAGEMENT TASK FORCE - RESERVE NO 37138**  
*Technical School Site - Disposal Plans*

1354. Mr MacKINNON to the Minister for Planning:

- (1) Does the Asset Management Task Force have any plans to dispose of the Reserve No 37138, which, under the City of Melville Town Planning Scheme, is reserved as a technical school site?
- (2) If so, when is the land to be disposed?
- (3) For what purpose will the land be disposed of - for example, residential purposes?

Mrs BEGGS replied:

- (1)-(3) Consideration is currently being given by the Office of Government Accommodation, Asset Management Task Force and the Office of TAFE as to TAFE's future use for Reserve No 37138. Until TAFE's specific requirements for this reserve are ascertained, the property cannot be definitively considered a surplus State-owned property asset available for disposal under the Government's Asset Management Task Force program.

**TAXIS - LICENCE ALLOCATIONS**  
*Mandurah*

1358. Mr NICHOLLS to the Minister for Transport:

- (1) How many taxi-car licences are allocated to Mandurah at the present time?
- (2) If licences are limited to ensure individual operator's viability is maintained, what specific factors would be used to determine when an increase is justified?
- (3) Are applications assessed on an individual merit basis in Mandurah?
- (4) Does the Minister support business growth through productivity increases?

Mr PEARCE replied:

- (1) Fourteen - 12 metered taxis and  
2 private taxis.
- (2) The number of licences issued in any town is limited to the number necessary to supply service. This in turn ensures that the individual operator's viability is maintained and the taxi industry continues to operate in a stable environment.
- (3) Applications are assessed on the individual merits of each operator in an area and the public demand for taxi services.
- (4) Yes, but not through deregulation of the taxi industry as implied by the member's question.

**HOUSING - HOMESWEST**  
*Loan Scheme - Repayment Arrears*

1362. Mr LEWIS to the Minister for Housing:

What was the level of Homeswest's housing loan scheme repayment arrears in total and per loan as at -

- (a) 30 June 1987;
- (b) 30 June 1988; and
- (c) 30 June 1989?

Mrs BEGGS replied:

	Total Arrears	Arrears Per Arrears Account
(a)	\$385 268	\$316.05
(b)	\$470 914	\$341.24
(c)	\$569 878	\$431.06

#### HOUSING - HOMESWEST

##### *Rental Accommodation Applications - Waiting List*

1363. Mr LEWIS to the Minister for Housing:

What was the official number of applications on Homeswest's waiting list for rental accommodation as at 30 September 1989?

Mrs BEGGS replied:

As at 30 September 1989 there were 16 680 applications waiting for rental accommodation.

#### HOUSING - HOMESWEST

##### *Home Purchase Applications - Waiting List*

1364. Mr LEWIS to the Minister for Housing:

- (1) How many applications for home purchase were pending approval on Homeswest's waiting list as at 30 September 1989?
- (2) What was the expected "wait turn" time in the metropolitan area as at 30 September 1989?
- (3) What was the "arrived turn" date of applications for Homeswest home purchase loans as at -
  - (a) 30 June 1988;
  - (b) 31 December 1988;
  - (c) 30 June 1989; and
  - (d) 30 September 1989?

Mrs BEGGS replied:

- (1) 14 540.
- (2) 3.5 years.
- (3) (a) 15 October 1985;
- (b) 31 December 1985;
- (c) 28 February 1986; and
- (d) 15 April 1986.

#### HOUSING - HOMESWEST

##### *Loan Scheme - Keystart Loans, Statistics Inclusion*

1365. Mr LEWIS to the Minister for Housing:

Was the answer to question 968 of 1989, relating to the number of loans for all Homeswest home purchase schemes inclusive of Keystart loans and, if so, how many Keystart loans were included in the 1 163 as answered?

Mrs BEGGS replied:

No.

#### FAMILY COURT - PROCEEDINGS

##### *Difficulties - Improvement Proposals*

1366. Mr HASSELL to the Minister representing the Attorney General:

Further to question 518 of 1989, what reforms or improvement proposals are

currently being undertaken to alleviate the difficulties associated with Family Court proceedings?

Mr D.L. SMITH replied:

The Attorney General has provided the following reply -

There is not to the knowledge of the Registrar or Deputy Registrar of the Family Court of Western Australia any proposed reform being considered by the Commonwealth Attorney General's Department or the rules committee of the Family Court of Australia to amend order 27 - change of venue - of the Family Law Act rules.

**SWAN BREWERY SITE - TOURIST ATTRACTION PROPOSAL**

*Western Australian Museum - Western Australian Arts Council, Joint Operations*

*Committee*

1367. Mr MacKINNON to the Premier:

Will the Premier please advise when I can expect a reply to my letter dated 2 August 1989 in which I asked -

- (a) will the Western Australian Museum and Western Australian Arts Council form a joint committee to run the proposed tourist attraction at the reconstructed Swan Brewery;
- (b) is it true that the Hon Garry Kelly MLC has been chosen to chair such a committee; and
- (c) will these premises be licensed?

Mr PETER DOWDING replied:

- (a) Given that the facility will house performing and visual arts as well as exhibitions, it is reasonable to assume that the WA Museum and the WA Arts Council would form part of a committee to oversee the management of the site;
- (b) I am not aware of any definite nominations as to who the chairperson would be; and
- (c) the original proposal contained a tavern; the current proposal does not.

**LAND - CROWN LAND**

*Government Sale - Value*

1374. Mr COURT to the Minister representing the Minister for Lands:

(1) What was the value of all Crown Land sold by the Government in the years -

- (a) 1979;
- (b) 1980;
- (c) 1981;
- (d) 1982;
- (e) 1983;
- (f) 1984;
- (g) 1985;
- (h) 1986;
- (i) 1987;
- (j) 1988; and
- (k) 1989?

(2) What are the normal procedures carried out by the Government for the sale of Government land?

Mr D.L. SMITH replied:

The Minister for Lands has provided the following reply -

(1) The amounts paid into territorial revenue for Crown land sales under the Land Act for the following financial years were -

(a)	1978-79	\$3 790 587.00
(b)	1979-80	\$2 775 210.29
(c)	1980-81	\$3 122 822.44
(d)	1981-82	\$5 254 406.19
(e)	1982-83	\$10 272 620.17
(f)	1983-84	\$7 316 779.45
(g)	1984-85	\$6 936 983.48
(h)	1985-86	\$48 918 347.66
(i)	1986-87	\$14 351 649.53
(j)	1987-88	\$12 046 892.50
(k)	1988-89	\$48 033 570.92

Amounts given include payments on conditional purchase leases but do not include amounts recouped to Treasurer's Advance and general loan funds or payment of special least rentals.

(2) There are a number of Government agencies involved in the disposal of Government land and if the member can be more specific in his requirements the information will be supplied.

#### SWAN BREWERY SITE - MULTI-STOREY CAR PARK

##### *Ramp Dismantlement*

1378. Mr COURT to the Minister for Planning:

- (1) Now that the Government has given a commitment that it will not be building a multistorey car park at the old brewery site, will it proceed to dismantle the ramp that has already been constructed for access to a multistorey car park?
- (2) If yes, when will this be dismantled?

Mrs BEGGS replied:

- (1) No. In the absence of the pedestrian overpass, the tunnel will be used for pedestrian access.
- (2) Not applicable.

#### GOVERNMENT OFFICE - KOBE

##### *Location - Establishment Cost*

1379. Mr COURT to the Premier:

- (1) Where has the Government located its new office in Kobe?
- (2) How many people are involved in running that office?
- (3) What is the budgeted cost per annum for this office to be established and operated?

Mr PETER DOWDING replied:

- (1) 6th Floor, Golden Sun Building  
4-3-6 Nakayamate Dori  
Chuo-Ku,  
KOBE JAPAN 650

Telephone: 0011 81 78 2427705/7706

Fax: 0011 81 78 2427707

- (2) The Kobe establishment serves as a branch of our existing office in Tokyo and is staffed by -  
     a part-time general manager, and an office secretary under the supervision of the Official Representative - North Asia, Mr A.G. Virili.
- (3) The anticipated cost of establishing and operating the office in 1989-90 is \$231 500.

## SHEEP - LIVE SHIPMENTS

*Fremantle Port - Statistics*

1381. Mr COURT to the Minister for Transport:

How many live sheep were shipped through the Port of Fremantle in the months -

- (a) July 1988;
- (b) August 1988;
- (c) September 1988;
- (d) October 1988;
- (e) November 1988;
- (f) December 1988;
- (g) January 1989;
- (h) February 1989;
- (i) March 1989;
- (j) April 1989;
- (k) May 1989;
- (l) June 1989;
- (m) July 1989;
- (n) August 1989; and
- (o) September 1989?

Mr PEARCE replied:

(a) July 1988	72,991;
(b) August 1988	183,411;
(c) September 1988	244,886;
(d) October 1988	163,549;
(e) November 1988	272,561;
(f) December 1988	59,508;
(g) January 1989	171,982;
(h) February 1989	172,701;
(i) March 1989	322,237;
(j) April 1989	220,280;
(k) May 1989	170,865;
(l) June 1989	260,110;
(m) July 1989	217,327;
(n) August 1989	376,889; and
(o) September 1989	190,579.

**SHEEP - LIVE SHIPMENTS**  
*Fremantle Port - Government Charges*

1382. Mr COURT to the Minister for Transport:

- (1) What are the total Government charges for shipping sheep associated with the Port of Fremantle?
- (2) What is the cost per kilolitre for water on these sheep carriers?
- (3) What is the wharfage rate on water going on board these ships?
- (4) What are the wharfage charges for feed going on board at Fremantle?

Mr PEARCE replied:

- (1) Port charges associated with the shipping of live sheep through the Port of Fremantle are -
  - (a) Charges to the ship, including tonnage rates, pilotage and mooring service charges. These charges vary according to the size of the vessel, service rendered, and duration of the vessel's time at the berth.
  - (b) Charges to the consignee cover -
    - wharfage on sheep, fodder, water and water cost; and
    - handling of cargo including erecting of sheep races, equipment hire, lighting, firewatching, washing down the berth after completion as necessary for each respective operation.

An assessment carried out on the 1987-88 financial year found that revenue derived from all of the above sources in that fiscal year aggregated approximately \$3 127 000. Since that time port charges have risen by less than the inflation rate.

- (2) \$2.14 per kilolitre.
- (3) 66¢ per kilolitre.
- (4) \$1.04 per tonne.

**PUBLIC HOLIDAYS - SCHOOL DAYS**  
*Coincidence Statistics*

1388. Mrs EDWARDES to the Minister for Education:

Will the Minister please advise how many public holidays fall on school days during 1989?

Dr LAWRENCE replied:

Five public holidays fall on school days during 1989. These are -

6 March	(Labour Day)
24 March	(Good Friday)
27 March	(Easter Monday)
28 March	(Easter Tuesday)
5 June	(Foundation Day)

**EDUCATION - STUDENTS**  
*Projected Statistics*

1396. Mrs EDWARDES to the Minister for Education:

Will the Minister please advise what are the projected student population numbers for the years -

- (a) 1990;
- (b) 1991; and
- (c) 1992?

Dr LAWRENCE replied:

- (a) 1990 - 320 210;
- (b) 1991 - 328 300; and
- (c) 1992 - 336 670.

The above numbers refer to projected student numbers in Government and non-Government schools.

**WASTEWATER TREATMENT PLANT - BEENYUP**

*Stage 3 Extension - Works Details*

1401. Mrs EDWARDES to the Minister for Water Resources:

Will the Minister please advise what works does the stage 3 extension to the Beenyup wastewater treatment plant include?

Mr BRIDGE replied:

The works include extensions to the preliminary, primary, secondary and solids treatment facilities.

**REGIONAL DEVELOPMENT DEPARTMENT - JOB ADVERTISEMENT**

*Public Service Notices 20 September*

1403. Mr OMODEI to the Minister for Regional Development:

- (1) Is the Minister aware of the job advertised in Public Service Notices, 20 September 1989, page 521, position No. 1429814, level 5, Department of Regional Development?
- (2) If yes, will the Minister advise as to the possible relocation of this position to Bunbury?
- (3) If the position is to be relocated to Bunbury, to which Government department will this person be allocated?
- (4) Does the Minister intend to open an office of the Department of Regional Development in Bunbury?

Mr GORDON HILL replied:

- (1) Yes.
- (2) Discussions have been held between the Department of Regional Development and the North West with a view to seconding the officer to the South West Development Authority to coordinate local economic development projects in the south west.
- (3) As per (2).
- (4) No.

**PENSIONERS' (RATES, REBATES AND DEFERMENTS) ACT - REVIEW**

*Completion*

1407. Mr SHAVE to the Treasurer:

- (1) Is the review of the Pensioners' (Rates, Rebates and Deferrals) Act 1966 completed?
- (2) If yes, will details of the review be released for the public?
- (3) If so, when?
- (4) If no, when will the review be completed?

Mr PARKER replied:

- (1) Yes.
- (2)-(4)

The report is under consideration by the Government. A decision on the release has not yet been made.



**PARLIAMENT - PROROGATION**  
*Leader of the House - 1989 Indication*

1408. Mr HASSELL to the Premier:

- (1) Is the Premier aware that the Leader of the House publicly indicated Parliament would be prorogued before year's end to stop the work of the Legislative Council Select Committee on Government dealings?
- (2) Are the Leader of the House's statements correct?
- (3) Will the Premier undertake not to prorogue Parliament before a short time before the session next year to allow all Select and Standing Committees to complete their work as requested by the two Houses?

Mr PETER DOWDING replied:

(1)-(2)

The member's question is not an accurate summary of the Minister's statement.

- (3) No consideration has been given to the time of prorogation at the end of this parliamentary session. I would expect the prorogation to be in accord with normal practice.

**ROCK LOBSTERS - AMATEUR FISHERMEN**  
*Maximum Daily Catch - Boat Bag Limit*

1411. Mr MENSAROS to the Minister for Fisheries:

- (1) What is the maximum number of rock lobsters currently allowed to be taken daily by amateur fishermen?
- (2) Is there a bag limit per day per boat for amateur fishermen?

Mr GORDON HILL replied:

(1) Eight.

(2) Yes, 16.

**OCCUPATIONAL HEALTH, SAFETY AND WELFARE AMENDMENT ACT -  
 AMENDMENTS**

*Mines Safety - Regulatory Responsibility Transfer*

1420. Mr MacKINNON to the Minister for Mines:

- (1) Is it the intention of the Government to introduce amendments to the Occupational Health, Safety and Welfare Amendment Act 1984 during the current session which would transfer regulatory responsibility for mines safety from the Mines Department to the Department of Occupational Health, Safety and Welfare?
- (2) When is it likely that that legislation will be introduced?

Mr CARR replied:

- (1) Cabinet has agreed to bring mining industry workers under the Occupational Health, Safety and Welfare Act; however, Mines Department inspectors will be accredited to enforce that Act along with existing mining regulations.
- (2) It is intended to introduce amending legislation in the current session of Parliament to remove the exemption now applying in the Occupational Health, Safety and Welfare Act to the mining industry.

**FISHERIES - MARRON**  
*Restaurants - Processing and Serving Licence*

1426. Mr MacKINNON to the Minister for Fisheries:

- (1) Is it necessary for restaurants that process and serve marron to have a licence prior to doing so?
- (2) If so, how are the fees for that licence calculated?

(3) Why is it considered necessary for this licence to be issued?

Mr GORDON HILL replied:

- (1) Yes.
- (2) The fee is the same as for other processing licences issued under the Fisheries Act. There is no particular method of calculating the fee. This fee is currently under review.
- (3) It is used as a control to prevent the illegal sale of marron, particularly in view of the large and important recreational fishery.

#### FORESTRY - DIEBACK

##### *Land Administration Department - Precaution Training Sessions*

1436. Mr WATT to the Minister representing the Minister for Lands:

- (1) To what extent have the Department of Land Administration survey staff been acquainted with the potential to introduce and spread *Phytophthora* dieback -
  - (a) in conservation reserves;
  - (b) in State forest; and
  - (c) adjacent to susceptible crops?
- (2) (a) How many field staff have been involved in special training sessions relating to *Phytophthora* dieback; and
  - (b) are further training sessions planned?
- (3) What instructions are given to casual staff and contract surveyors regarding *Phytophthora* dieback precautions concerning -
  - (a) roadsides;
  - (b) conservation reserves;
  - (c) State forest; and
  - (d) susceptible crop areas?

Mr D.L. SMITH replied:

The Minister for Lands has provided the following reply -

- (1) Professional staff in the Department of Land Administration are fully acquainted with the potential of disease proliferation through their academic training. Entry into reserves and State forest for the purpose of survey work is subject to CALM supervision and guidelines are diligently observed by all survey staff.
- (2) (a) There have been no special training sessions. Guidelines are circulated among all field staff; and
  - (b) not applicable.
- (3) Casual staff are informed by direct supervision from field supervisor. Conditions of entry onto lands to be surveyed are included in contracts issued to contract surveyors. Conditions include the need for vehicles to undergo stringent washing down on exiting affected areas.

#### FORESTRY - DIEBACK

##### *Water Authority of Western Australia - Precautionary Training Sessions*

1445. Mr WATT to the Minister for Water Resources:

- (1) To what extent have field staff of the Water Authority of Western Australia been acquainted with the potential to introduce and spread *Phytophthora* dieback -
  - (a) along roadsides; and
  - (b) in conservation reserves?
- (2) (a) How many field staff have been involved in special training sessions relating to *Phytophthora* dieback; and

(b) are further training sessions planned?

Mr BRIDGE replied:

- (1) Relevant field staff have been instructed in the need for and practice of forest hygiene to prevent the spread of *Phytophthora* disease along roadsides and in conservation reserves.
- (2) (a) Currently eight field staff - those who enter conservation reserves - have been trained; and
- (b) further training will occur as necessary upon the employment of new staff in this area.

### QUESTIONS WITHOUT NOTICE

#### WELLS, MR PETER - NATIONAL PARTY NEWSPAPER ADVERTISEMENTS

*Placement Involvement - Denial, Premier's Apology*

218. Mr MacKINNON to the Premier:

- (1) Is the Premier aware that the former member for North Metropolitan Province, Peter Wells, who is currently employed by the Liberal Party, has today denied - in the form of a statutory declaration - the Premier's implication that he was in some way involved with the placement of advertisements in *The West Australian* relating to the National Party; and states categorically that he has not been to *The West Australian* to place any advertisements in 1989?
- (2) Will the Premier now publicly apologise to Mr Wells for the unsubstantiated allegations which he has made against him under the privilege of Parliament, and in the form of rumours and comments to members of the media, along the same lines?

Mr PETER DOWDING replied:

- (1) No, I was not aware of it.
- (2) If I am wrong, I will of course apologise; that is the appropriate thing to do. However, if the Leader of the Opposition thinks that by raising this question, he puts to rest what is a clear and unequivocal relationship between the Liberal Party and these so-called organisations, let me say that he does not achieve it. I look, first, to the latest organisation which has cropped up, called Save Our State, which will be meeting at the Lighthouse Inn. Its chairman is John Simpson, whom many members may remember as having some sort of connection with -

Mr MacKinnon: He is a member of the Liberal Party.

Mr PETER DOWDING: The meeting will also be addressed by Bill Hassell, MLA, whom I suspect is also a member of the Liberal Party - its aspiring leader.

Mr Hassell: There is no question that I am a member of the Liberal Party, and I have never hidden it.

Mr PETER DOWDING: It will also be addressed by Mr Bevan Lawrence. If members have any doubts about the political allegiance of Mr Lawrence, I have here a picture of him in my electorate on polling day, wearing the Liberal Party sticker on his chest, and handing out Liberal how-to-vote cards.

#### *Point of Order*

Mr BLAIKIE: The practice of the Speaker has been to ensure that answers are given in respect of the questions asked. I request a ruling on that.

The DEPUTY SPEAKER: I do not think that is a point of order. However, as the Speaker has made the point several times this week that, first, answers should

be brief, and, second, they should be to the point, I draw that to the Premier's attention. I also draw to the attention of members the fact that when I rose to acknowledge the member for Vasse's point of order, I was unable to be heard, and that simply is not acceptable for the proceedings in this House. Perhaps I need to speak a little more loudly, but I think members need also to tone down their interjections.

*Questions without Notice Resumed*

Mr PETER DOWDING: I conclude by saying that, while the Leader of the Opposition might have scored a small point with his statutory declaration, no-one in this State should doubt that the Liberal Party's failure to whip up sufficient support for it at the last State elections and its inability to create an anti-Government demand over the last few months has now indicated to it that it must try a new tactic, and this is the new tactic.

**TRADE UNIONS - STATE SCHOOL TEACHERS UNION**  
*Teachers' Strike - Terms of Agreement*

219. Mrs WATKINS to the Minister for Education:

Can the Minister inform the House of the terms of the agreement with the West Australian State School Teachers Union, announced today?

Dr LAWRENCE replied:

I am delighted to be able to tell the House that, as a result of two days of very intense negotiation between officers of the ministry, Ministers and representatives of the Australian Teachers Union, as well as the local union, we have a settlement with the State School Teachers Union - a unanimous decision of the executive to accept the wage fixing principles and to go first for a three per cent increase with further increases to be negotiated within the next six months. I might say that the settlement is one we all welcome. It has yet to be ratified by the membership, but with the endorsement of the union's executive and its agreement to sell it to its membership I believe we are very close to a resolution of this matter. Obviously I welcome that outcome and I welcome the prospects that this agreement gives us for the future. For the first time we have some clear definitions of what are industrial matters that have never before been possible in relation to the teachers union and its members.

I am keenly aware of the very conscientious and professional way in which the majority of teachers have conducted themselves in this dispute and I have always been at pains to separate any critical comments I may have made of the union from those that might have been made of teachers. I look forward to a resolution which will lead to the reduction of bitterness and the restoration of normal relations between schools and the wider community and I urge all members to assist in that process. Unfortunately, however, the settlement of this dispute has not been hastened or made any easier by the entirely unconstructive role played by the Opposition.

Government members: Hear, hear!

**ABATTOIRS - ROBB JETTY**  
*Closure Proposal*

220. Mr COURT to the Minister for Agriculture:

- (1) Is the Government proposing to close the Robb Jetty abattoir?
- (2) If yes, will a new abattoir be constructed in the Midland-middle Swan area?

Mr BRIDGE replied:

(1)-(2)

I am not aware of any such moves. On the contrary, we are intensifying the activities of Robb Jetty at the moment to service the industry's needs, which

are currently quite demanding. I have had no discussions with anybody in Government which suggest that consideration is being given to closing the works.

### ELECTORAL ACT - ELECTORS

#### *Beliefs and Attitude Tests - State Election Votes*

221. Dr GALLOP to the Minister for Parliamentary and Electoral Reform:

Does the Electoral Act set any test on the beliefs and attitudes of electors for their votes to count in State elections?

Mr PEARCE replied:

No, it does not. We are fortunate in this State in having a democratic system that does not seek to limit people to the way in which they vote on that kind of basis.

Mr Peter Dowding: We have now.

Mr PEARCE: As the Premier has just said by way of interjection, that is the case now. Not too many years ago efforts were made to constrain from voting people who were not able to read and write on the basis that the inability to read and write made one a somewhat lesser person. However, I was astounded to hear a proposition that there should be such a test on people's votes. I heard it on the radio this morning when I was listening to Des Guilfoyle's program and a Mr Lawrence, who I understand had a few friends around last night, had this to say -

Mr Hassell: He has got up your nose!

Mr Court: He comes from a good family!

The DEPUTY SPEAKER: Order!

Mr Court: A good, moral family!

Several members interjected.

The DEPUTY SPEAKER: Order!

Mr PEARCE: Mr Lawrence was asked by Mr Guilfoyle, the interviewer, to explain why the result of the election which was held only a few months ago should not be taken to be for the four year term everybody thought would apply when they turned up to vote on 4 February; and this is what Mr Lawrence had to say in response to that proposition. This is Mr Lawrence's verdict on the last State election -

The Government that's elected by deceiving the voters so that they don't know which issues, they don't know the truth of what the Government is doing, so they can't make an informed vote, cannot be a democratically elected government.

That is to say, in four lines Mr Lawrence put aside the results of the State election held earlier this year.

Several members interjected.

The DEPUTY SPEAKER: Order!

Mr PEARCE: I thought to myself, "What a sweeping constitutional principle that is"; but I wondered where he was when Sir Charles Court was elected on the proposition that he would cure inflation and unemployment within six months of taking office, and would stake his reputation on it.

Several members interjected.

The DEPUTY SPEAKER: Order! Order!

Mr PEARCE: I do not know where the Minister for Education's brother was on that occasion but I would have thought that after six months and one day he might have been espousing that constitutional principle then. I was amazed by the arrogant and callous disregard for our electoral system and our democratic system that that gentleman showed on the radio this morning.

Several members interjected.

Mr Fred Tubby: Western Australia has the biggest gerrymander in the whole of Australia.

The DEPUTY SPEAKER: Order! The Minister will resume his seat. I will not tolerate that level of interjection where the Minister's answer simply cannot be heard. Simply because the Deputy Speaker is in the Chair during question time rather than the Speaker who is otherwise engaged does not mean that the House will be run any differently from the way in which the Speaker would normally run it, and I seek the cooperation of both sides of the House in this regard. The Minister may care to observe my earlier direction about the length of answers and members on the Opposition side will desist from interjecting at that level.

Mr PEARCE: I certainly shall, Mr Deputy Speaker. The point of view that basically says, "I do not agree with the election result; that is, the voters do not think the same way as I do, therefore they cannot be informed voters and therefore we cannot really expect them to have a role in a democratic system", is a constitutional principle normally espoused by totalitarian Governments or by people like Colonel Rabuka in Fiji who believe that if the election result goes the way they do not want they are entitled to take any measures.

Government members: Hear, hear!

**PETROCHEMICAL PROJECT - CLOUGH**  
*JGC - Entitlement Settlements*

222. Mr SHAVE to the Premier:

- (1) What stage have negotiations with Clough and JGC reached in relation to the settlement they are seeking with respect to their entitlements from the petrochemical project?
- (2) Who is handling the negotiations on behalf of the Government?
- (3) Are the principal officers from the project management team also directly involved in assessing an appropriate settlement?
- (4) What does the Government anticipate will be the cost of the settlement?
- (5) From what source of Government funds will the settlement be paid?

Mr PETER DOWDING replied:

(1)-(5)

The member is asking a question about more than the stage of negotiations and discussions. Discussions are being held with departmental officers and the contractors, and the contractors are defining their position at the moment. I am informed that there is not a settlement and therefore there is not a clear outcome. Those matters are the subject of negotiations and they will continue with the departmental officers.

Mr Kierath: Please don't ask questions that require answers!

Mr PETER DOWDING: The moon must be in its third quarter, or something. The member for Riverton has been beside himself today - I do not know what is wrong with him. He should take it easy. I am giving the member for Melville his answer.

Mr Kierath interjected.

The DEPUTY SPEAKER: Order!

Mr PETER DOWDING: Is it Pal additive? Has the member had a Chinese meal lately? Is it that monosodium glutamate?

Mrs Beggs: It's PMT!

Mr PETER DOWDING: Is it PMT? I hesitated to say that. I place on the record that that came from the Minister for Planning for the time being, who is a woman.

Members must understand that there is no outcome but there is a discussion.

Mr Shave: Between whom?

Mr PETER DOWDING: Between departmental officers.

Mr Shave: What about the members of the project management team?

The DEPUTY SPEAKER: Order! The question has already been asked.

Mr Shave: That is the question I asked.

The DEPUTY SPEAKER: Order! The Premier should resume his seat. We have no facility for supplementary questions in this House as they have in other places. This happens in another place. Perhaps we should have this facility but we do not. The member should not attempt to ask another question across the Chamber, the same question, or a question that he feels he should have asked. The Premier will respond to the question as he sees fit. It is his discretion to do so.

Mr PETER DOWDING: I am trying to be helpful. The member has asked what happened; whether there were any negotiations, and, if so, with whom.

Mr MacKinnon: Where is the money coming from?

Mr PETER DOWDING: The question was in relation to the stage the negotiations had reached. The negotiations and discussions are still proceeding. There is no outcome, so I cannot tell the member about any outcome one way or another. In relation to recommendations, it is too early for me to comment.

#### SHEEP - LIVE TRADE

##### *Saudia Arabia Embargo - Government Action*

223. Mr GRAHAM to the Minister for Agriculture:

The embargo by Saudi Arabia on accepting Australia's live sheep into that country is continuing to affect farmers in Western Australia. What is the Minister doing to address this problem?

Mr BRIDGE replied:

These bans have been in place for some time and have been of great concern to the industry throughout Australia, but particularly throughout Western Australia. Discussions have continued for many weeks with groups in the industry and with the Federal Government in respect of measures which may lead to a resolution of the problem. So far the matter has not been resolved. The latest advice from the Federal Minister for Agriculture, Mr Kerin, is that there seems to be a real possibility of reaching some basic agreement with the officials in Saudi Arabia.

Recently I met with Mr Ron Whitelaw, president of the Australian-Arab Chamber of Commerce, to see whether he may be able to suggest a remedy to the Commonwealth Government and to the Saudi Arabian officials. One suggestion made, which I have taken on board, is to invite the Saudi Arabian Minister for Agriculture, through the Federal Minister for Primary Industries, to send a delegation to Australia to inspect our facilities and procedures to enable the live sheep trade to continue. Through that process, we hope to alleviate concerns regarding health problems. That is a realistic proposal rather than our sending continual delegations from Australia to Saudi Arabia, which has been the practice in the past. The conditions, facilities, practices and procedures in Australia take account of the health factors so if the Saudi Arabians take a close look at those functions and are satisfied the bans may be lifted. That would be a good thing.

We have received cooperation from people in the industry, and the way the issue has been faced in Western Australia is commendable. This is a damaging situation; it is hurting people, and has the potential to hurt them even more. Great responsibility has been displayed in Western Australia and this will continue. In the meantime all steps are being taken by the Government to facilitate changes which will bring an end to this impasse.

**NUMBATS - PIMP RESERVE, BOYUP BROOK SHIRE**  
*Highest Population - Protection*

224. Dr TURNBULL to the Minister for Conservation and Land Management:

- (1) Is the Minister aware that the Pimp Reserve in the Boyup Brook Shire has the highest population of numbats in Western Australia?
- (2) Is the Minister aware that no allocation has been made in the Budget for the Manjimup Department of Conservation and Land Management office for declared plant and animal control for 1989-90?
- (3) Will the Minister ensure that the Manjimup CALM office conforms with its responsibility under the Agriculture and Related Resources Protection Act, to protect numbats within the CALM areas and surrounding farmers who will be severely affected by the spread of declared plants and animals on and coming from CALM land?

Mr TAYLOR replied:

(1)-(3)

I have a reasonable knowledge of most things in my portfolio but I do not know how many numbats are in that area. Those issues are considered very seriously by the Department of Conservation and Land Management. The numbat is the faunal symbol of Western Australia. At a recent meeting of Conservation Ministers of Australia I had the pleasure to put forward a proposal to the Federal Minister for the Environment, Mr Richardson, in relation to the control of foxes in Western Australia and other feral animals which prey on numbats. I was pleased to see the national environment statement put out by the Prime Minister in which he mentioned that that Government would get involved in the States, particularly Western Australia, to overcome these problems. I am certain that Department of Conservation and Land Management, including the area to which the member refers, will be one beneficiary of any control mechanism. We are determined to do the best we can to ensure the survival and growth in numbat numbers in Western Australia.

**PRODUCTIVITY COUNCIL - ESTABLISHMENT**  
*Defunct Councils - Comparison*

225. Mr MARLBOROUGH to the Minister for Productivity:

On 25 September the Government announced the establishment of a Productivity Council for WA. How will this be different from previous but now defunct productivity councils?

Mr TROY replied:

I am surprised at the mirth emanating from the other side of the House because it is clear members opposite have no understanding of the word "productivity". They were not successful in any of their ventures and their previous productivity councils are now defunct for that reason. I assure members opposite we will not re-establish such organisations. The Government is committed to enhanced productivity as the key element in our economic strategy. This arises from the recommendation for the establishment of a non-statutory WA Productivity Council made in a joint report of a tripartite delegation which I had the pleasure to lead to Seoul in Korea in May this year.

Several members interjected.

Mr TROY: I suggest that members opposite take the time to attend productivity seminars and learn a little about the subject. At one such seminar recently, after two days of advertisements, 350 people responded. That was one of the most successful meetings ever held in this State.

Mr Shave: What did you produce?



Mr TROY: Considerations by that delegation have led to the conclusion that we should form a productivity council in Western Australia. Such a council will be very broadly based in membership and will include representation from employers, unions, Government and tertiary educational and other training institutions. It is intended that the council will ensure effective overall coordination of the varied components which contribute to productivity improvement and will provide linkages to economic development, trade and training activities in this State.

**CONSERVATION AND LAND MANAGEMENT DEPARTMENT - NURSERIES**  
*North West - Plant Handouts*

226. Mr MINSON to the Minister for Conservation and Land Management:

- (1) Is the Minister aware that Department of Conservation and Land Management nurseries in the north west have been giving away 10 plants per person?
- (2) In view of the effects this is having on private nurseries in the region, will the Minister consider instructing the Department of Conservation and Land Management to cease this practice and to consider compensating the affected private nurseries if they can show they have suffered financial loss?

Mr TAYLOR replied:

- (1) No.
- (2) I am pleased that the department has become involved in the community to the extent that it is prepared to give away plants. If that give-away program is having an adverse financial impact on nurseries in the north west of the State, I am more than happy to hear from them and consider any submission they might put before me. However, it is important to encourage people in those areas of the State to plant as many plants and trees as possible. If CALM is doing that, I say, "Well done."

**AGRICULTURE - "NEW CONCEPT"**  
*Newspaper Report - Industry Impact*

227. Mr KOBELKE to the Minister for Agriculture:

The *Weekend Australian* of 1 October 1989 reported on a "new concept" in agriculture in Western Australia. What is meant by this "new concept" and what is its impact on agricultural industries in this State?

Mr BRIDGE replied:

The proposal is a three-dimensional evaluation of agriculture which is gaining widespread acceptance throughout the industry in Western Australia. It is designed to enable industry groups and other individuals to facilitate evaluations of the industries in which they are participating at a grassroots level up to the level at which the Minister or Cabinet makes a determination about strategies and procedures that should occur.

I have a diagram which has three squares on it representing the three dimensions. The document also contains a photograph of a rather enthusiastic Minister for Agriculture who is doing well in his portfolio. I table the document.

[See paper No 489.]