Legislative Assembly

Thursday, 21 September 1989

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

PETITION - WILLAGEE PRIMARY SCHOOL

Downgrading Status - Reclassification Rescission

MR SHAVE (Melville) [10.48 am]: I present the following petition from the residents of the Melville electorate -

> To: The Honourable the Speaker and members of the Legislative Assembly of the Parliament of Western Australia in Parliament assembled.
>
> We, the undersigned being concerned at the potential decline in the standard of Education for our children following the downgrading in status of the Willagee Primary School,
>
> Urge the State Government to act forthwith to rescind the reclassification of Willagee Primary School.

The petition bears 742 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 47.]

WILLS AMENDMENT BILL

Receipt and First Reading

Bill received from the Council; and, on motion by Mr D.L. Smith (Minister for Community Services), read a first time.

MATTER OF PUBLIC IMPORTANCE- ROTHWELLS LTD

McCusker Inquiry - Terms of Reference

THE SPEAKER: I have received a letter from the Leader of the Opposition seeking to debate as a matter of public importance the terms of reference of the McCusker inquiry.

[Five members rose in their places.]

The SPEAKER: In accordance with the Sessional Order, half an hour will be allocated to each side of the House for the purpose of this debate.

MR MacKINNON (Jandakot - Leader of the Opposition) [10.53 am]: I move -

> That in the opinion of this House the Terms of Reference of the McCusker Inquiry more formally known as the Investigation into the failure of Rothwells as arranged by the Attorney General and published in Notices under the Cooperative Companies and Securities Scheme in the *Commonwealth of Australia Gazette* No B29 on 1 August 1989 are deficient and do not authorise full investigation into all persons or parties involved and furthermore this House calls on the Government and in particular the Premier to refrain from deliberately misleading the citizens of Western Australia by his assertions that the McCusker investigation will be a full and comprehensive investigation into all matters to do with Rothwells Ltd's failure.

The McCusker committee report and inquiry is an important one in terms of the area it is examining and this motion points to the terms of reference of that inquiry and asks whether that inquiry is sufficient, as is claimed by the Government and, in particular, by the Premier. Let us see what the Premier believes and what he has claimed publicly the inquiry will achieve. He commented on the Howard Sattler program of 11 August that there are people who are responsible for putting taxpayers' money down the drain by not ensuring that the support that was given to Rothwells in 1987 was sufficient and that those people will be brought to book and, "I don't care what it takes or how long it takes but it will occur."

That interview related to the whole question of Mr Musca's comments and claims made at the time. The Premier's response to that was that the McCusker commission was pursuing all those people and that those people, "will be brought to book and I don't care what it takes or how long it takes but it will occur". The question one must then pose is whether the Premier's claim is an accurate one. I refer members to the *Government Gazette* of 1 August where the terms of reference of this inquiry were published; they show clearly, when the facts are examined, that the Premier's claim just is not true. That is not surprising, given the Premier's other claims of recent times. However, it just is not true, and patently so.

First, as that notice indicates, the inquiry is one established under the Companies Code and is inquiring into breaches of the Companies Code. Worse than that, it is not even examining key areas that go to the central core of the Rothwells fiasco. If one looks at the report one sees 182 companies listed. However, what is important is the companies that are not listed. Let us look at the companies responsible under the Companies Code that are absolutely central to this affair, as we now know from the documents tabled by the Premier in this Parliament.

Which are the two key companies? They are WA Government Holdings Ltd and Bond Corporation. Neither of those companies is listed here, on the instructions of the Attorney General and the Government, the people responsible for this statement - not Mr McCusker, so the Premier cannot say that we are attacking Mr McCusker or someone else, because it was under the direction of the Attorney General and the Government of Western Australia and those companies were not listed. Why not? Why are they not part and parcel of the inquiry?

Another company notable by its absence is Western Collieries Ltd. You no doubt remember, Mr Speaker, the infamous affair when the now Minister for Economic Development and Trade came into this Parliament first making denials in relation to the R & I Bank and then, of course, admitting that he had instructed the SEC to make payments to Western Collieries as part of the Rothwells rescue. If one looks down that list one sees World Holdings, West Coast Trading, Westralian Goldmines and Wet 'N' Wild Pty Ltd, but no Western Collieries. Why is that so? Why is Western Collieries, which was right at the centre of the storm and the whole affair of the rescue which led to the ultimate collapse of Rothwells, not included?

Let us look at the non corporate bodies under the Companies Code which should be inquired into but which will not be. I refer first to the State Government Insurance Commission. Yesterday we saw a startling admission from the Government that the taxpayers of this State had paid $436 000 to the State Government Insurance Commission as a contribution towards the cost of engaging legal services to provide financial advice on the position of Rothwells Ltd. That $436 000 of taxpayers' funds has been spent on legal advice, yet the SGIC is not even part and parcel of the most important inquiry in this State. The Government saw fit to use those taxpayers' funds to provide support for the SGIC over that affair, but the SGIC is to be exempted from this inquiry, as is the R & I Bank, the body that the Minister for Economic Development and Trade telephoned about the $6 million. The SEC is not to be inquired into, either, yet it was involved from the very early days of the Rothwells rescue way back in June 1988.

Mr Kierath: The key players are exempted.

Mr MacKINNON: As my colleague, the member for Riverton, says, all the key players are exempted.

No inquiry was made into the activities of the Premier or the Deputy Premier, or the now Minister for Economic Development and Trade, Hon Julian Grill, who were central to that inquiry. Does this inquiry - as the Premier would also claim - have any similarities to the Fitzgerald inquiry in Queensland? My point is that it is like chalk and cheese; and if members want an authority for that claim, I refer them to the response from Mr Malcolm McCusker when I wrote to him in June of this year, which was as follows -

> However, you should appreciate that my appointment is not that of a Commissioner, and it is not at all helpful to attempt to draw parallels with the Fitzgerald Commission, mentioned in your letter.

Mr McCusker was at pains to highlight in his letter to me that his inquiry is in no way a Fitzgerald type inquiry; and it is not, because it does not have the power to inquire into all

and sundry. It has very narrow terms of reference. It will not be reporting to the Government and the Opposition, and it will not be examining the role and possible corruption of Ministers, as did the Fitzgerald inquiry. The Premier said yesterday that we want the Government to interfere in this inquiry by telling Mr McCusker what to do. That is not what we are saying. We want to see the establishment of proper terms of reference to ensure that the inquiry gets to those responsible, that it is independent, and does not exempt the Government and its friends. Why is not the Bond Corporation listed here?

Mr Peter Dowding: They are probably in your office, feeding you information, as they have been doing for weeks. Where did you get your papers from?

Mr MacKINNON: It was not the Opposition which exempted the Bond Corporation; it was the Premier and his mates.

We do have faith in Mr McCusker, provided he has proper terms of reference, which will allow him and the people working under him to pursue the matters to finality. The current terms of reference will not allow him to do that. Is it sufficient to say that the National Companies and Securities Commission and the other State Attorneys General endorse them? Of course not, because the NCSC and the Attorneys General nationally are fulfilling their duties. They are conducting an inquiry into breaches of the Companies Code. It is not their responsibility to test the political impropriety of this Government. It is not the National Companies and Securities Commission's job to test what were the roles of the Premier, his department, and the Minister for Economic Development and Trade in this whole affair, nor to check into the State Government Insurance Commission, the R & I Bank, or any other Government agency which was involved. That is and would be the responsibility of a totally independent, Fitzgerald type inquiry, if it were established with proper terms of reference; but that is clearly what we do not have.

I said at the outset of this parliamentary session that the central core and test of this session would be the credibility of Premier Dowding and his Government. This credibility test is one which by any measure the Government has failed at this time, and particularly in respect of the most important inquiry which has been conducted in Western Australia in recent years, an inquiry which, because of its terms of reference, will show the Government to have once again failed this basic credibility test.

MR PETER DOWDING (Maylands - Premier) [11.04 am]: We have here an Opposition which failed the test of competence and credibility a long time ago. The Leader of the Opposition failed the test of leadership long ago, and is simply in a caretaking role until the Opposition can settle its squabbling about who will replace him, or until George Cash - the man who was not prepared to take on a marginal seat, and have a bit of a fight to gain endorsement - comes back from the upper House to lead the Opposition out of the wilderness. We have an Opposition which has failed every reasonable test which the community could expect of it, and is now resorting to stunts, smears, innuendo, whispers, and to the making of a slimy comment which was designed to throw mud at someone, without giving that person the opportunity to reply.

I give as a classic example of its tactics the question which the Leader of the Opposition referred to. He asked last night a question without notice, and he was obviously not serious about obtaining the information. He asked about the extent to which the Government and the State Government Insurance Commission might have mutually contributed towards the fees of a person, or a firm, representing the Government and the interests of the State Government Insurance Commission. If the Leader of the Opposition had been serious about wanting that information, he would have put the question on notice; but he was not serious. He wanted only to provide a platform for a rumour, a bit of smear and innuendo, so he asked the question in the House last night, knowing full well that the Government did not have the information at its fingertips; and he then got one of his staff members to do the rounds of the Press, to tell them that the question was being asked for the real purpose of giving the Press the opportunity of writing a story about the fact that the Government was funding the State Government Insurance Commission's legal advice, and that somehow or other that was an admission or suggestion of impropriety.

That was the sole reason for the asking of the question last night. The Leader of the Opposition had no intention of seeking the information. The Leader of the Opposition's staff - I understand at least one of whom was a failed Liberal candidate - were up in the

Press room, running about, and trying to pump up the smear and innuendo. That is what the Opposition is now resorting to. It has given up on the serious issues and trying to be a sensible Opposition; it is now simply resorting to stunts.

This motion of public importance is a stunt. Let us examine when the terms of reference of this inquiry were made public, and how long it has taken the Opposition to decide that it is not happy with those terms of reference. The date of the document which the Leader of the Opposition quoted from - in his attempt to start the smear going all over the place - which brings this matter before the Parliament as a matter of urgency, and the date on which the terms of reference were set - not by the Western Australian Government, but by the NCSC - is not 20 September, or even 21 September; it is 8 March 1989. So it is over six months ago that the terms of reference were set by the NCSC; not only that, they were set and made public by Press releases from the Attorney General, of which I have at least one copy, dated 2 March 1989, which is the announcement of the investigation. The terms of reference were sealed by the NCSC on 8 March 1989. We did not hear a peep from the Opposition about its having any complaints about the terms of reference. There was not a single suggestion at the time that the terms of reference did not go far enough. There was not the slightest hint that there was anything wrong with the terms of reference or the mechanism that was being established in order to examine this matter.

I am sure this will suggest to anyone listening to the debate that the Opposition is pulling this stunt, this urgency motion, to enable it to support this smear and innuendo under parliamentary privilege on a matter which, not only is not urgent, but is something which was clearly open to the Opposition to bring forward over six months ago.

Mr D.L. Smith: This Parliament sat for two weeks in April.

Mr Clarko: Eight days.

Mr PETER DOWDING: The Minister for Justice has made a very valid point. The Opposition has actually had parliamentary privilege for this current thrust since those terms of reference were set, and it has uttered no complaint. What has the Opposition done today? It has suggested that the terms of reference are inadequate.

Let us look at what the Opposition has to say about the terms of reference. The Opposition alleges the terms of reference are inadequate because a whole lot of companies are not listed in the schedule. The Leader of the Opposition might have an accounting qualification, but it does not help him to read. If he had read the terms of reference, or if whoever writes his speeches had done so, he would have seen that the first term of reference refers to carrying out an investigation into all matters concerning the affairs of Rothwells during the period commencing 1 January 1985 and ending 31 December 1988. Does the Leader of the Opposition need me to repeat it?

Mr MacKinnon: I have read it.

Mr PETER DOWDING: It did not sound like that.

Mr MacKinnon: Keep reading; it sounds good.

Mr PETER DOWDING: It refers to all matters concerning the affairs of Rothwells during the period commencing 1 January 1985 and ending 31 December 1988, with particular reference to those matters associated with or contributing to the failure of Rothwells. The inquiry was not set up to do what the Leader of the Opposition wanted it to do. It was not set up to be a political bunfight. The inquiry was not set up to be a three ring circus. It was not set up to give the media the opportunity for a day-after-day event. The inquiry was set up to examine and do a job. It was set up to get to the bottom of things. The inquiry was set up to investigate all matters concerning the affairs of Rothwells during the said period, with particular reference to those matters associated with or contributing to its failure. The inquiry was not set up simply to provide jobs for lawyers representing parties either affected by or represented before it. The inquiry was not set up so that people could run this smear and innuendo campaign under privilege. The inquiry was set up with 17 officers to ensure that it did the job for the people of Western Australia.

Not only was the inquiry set up to do the job; we, and everybody who has ever seen these sorts of inquiries as they deal with corporate matters, were aware that they go on and on. Only in the last few months some of the inquiries established nearly three years ago were

coming to a conclusion. This inquiry was set up, resourced and encouraged to be completed within an appropriate time frame so that the people of Western Australia could see that we were serious. Any suggestions of impropriety in the setting up of this inquiry, or any suggestion of impropriety in the terms of reference, is not only a stunt, but a reflection on the National Companies and Securities Commission which drew up the terms of reference.

From a discussion I had a long time ago I was under the impression that the terms of reference might have been submitted to the commission for its approval, but I am now told, and I have no reason to doubt it, that in fact the National Companies and Securities Commission drew up the terms of reference. Once again, in throwing mud over this side of the House, the Leader of the Opposition has also directed it elsewhere. He has directed it at organisations and people in whom the people of this country have and ought to have confidence. He cannot discriminate. The Opposition cannot understand how the people of Western Australia, since 1983, could have repeatedly refused it entry to the Government benches. It offends the born to rule syndrome of members opposite. They hate sitting on the Opposition benches; they cannot stand the odium of their peer group, that small coterie of people in this State who have received so many favours from Liberal Governments of past days. The Leader of the Opposition has not been able to deliver to them, as his party has in the past, and he cannot stand losing opinion polls. He burns his computers out during the midnight hours flashing fingers across the dials trying to build up numbers for a vote yes or no. The Leader of the Opposition cannot stand it when something goes wrong with his plans and he loses the election.

The Opposition has had a gerrymander in this State which takes one's breath away. It has had a gerrymander in which the Leader of the Opposition participated, as did other members on his front bench. There are not many of them left now. The Liberal Party member for North Province resigned over the gerrymander because it was the worst in the western world, and the Leader of the Opposition participated in it. The member for Cottesloe was a member of the very Cabinet which pored over the map and drew lines around towns they thought would vote Labor, and around Aboriginal communities which they thought would vote Labor because of the Opposition's outrageous racist views. The Opposition was trying to preserve and cosset the then member for Pilbara. He participated in what Fitzgerald said in Queensland was one of the things which led to that State's great corruption, and that was the gerrymander.

The Leader of the Opposition and the member for Cottesloe were doing that job. The member for Floreat was there as well. That is what the people of Western Australia will see in the years to come if members opposite are ever returned to this side of the House. They will see members opposite close ranks again. They will see members opposite favour that small coterie. They will see members opposite try to restore to Western Australia the worst gerrymander in the western world.

Let us get on to what it is that brings the Opposition to this matter of urgency today. The Opposition continues to infer improper or corrupt behaviour. There is absolutely no doubt that the Opposition will continue to pursue the innuendo. There is no question the Opposition will continue to pursue individuals who represent the State Government.

The Opposition will continue to attack professional people whose professional work is to give advice to clients, if that client happens to be the State Labor Government; and this Opposition will continue to use smear and innuendo to attack anybody that it thinks it wants to denigrate.

Let us look at the question that was asked by the member for Cash - I mean the ex-member for Mt Lawley.

Mr MacKinnon: We are looking at the member for cash!

Mr PETER DOWDING: He is the member who ran away from a fight - members opposite know who I mean.

Mr Court: No wonder the Freudian slip!

The SPEAKER: Order!

Mr PETER DOWDING: He is the bloke who wants the Leader of the Opposition's seat so badly that he was not prepared to take on the fight. He is waiting to be drafted, and there are

people sitting around the Leader of the Opposition - very close to him - who would pop him in that seat if only the member for Floreat would roll over. I wish him good health to the end of his days and I have absolutely no desire to see him leave Parliament early, but if he did, what a kerfuffle it would cause!

In any event, that member in another place said this to the Attorney General -

Mr Kierath: Did he upset you?

Mr PETER DOWDING: No, and he never upset me when he was in this House.

Point of Order

Mr MacKINNON: On a point of order, Mr Speaker, I think that for one member of Parliament to say about another that he hopes he rolls over -

Government members: He didn't say that. He said the opposite.

The SPEAKER: Order!

Mr MacKINNON: - is an implication that is certainly not parliamentary, and it is a comment that the Premier should immediately withdraw. Trying to imply, or hope that such a thing would happen, or mention another member in such a way, is one of the worst comments I have ever heard one member of Parliament make about another member in this House. I put it to you, Mr Speaker, that that comment should be withdrawn immediately.

The SPEAKER: Well, personally I would hope that nobody in this place would hope another member of this place would roll over, either immediately or at any time later to be nominated. However, I listened carefully to the Premier's comments and I think the Leader of the Opposition will find when he reads *Hansard* that the Premier did not say that; but indeed, that he said he hoped the member would not roll over.

Debate Resumed

Mr PETER DOWDING: Thank you, Mr Speaker. I can understand the Leader of the Opposition's hoping the member does not roll over, too - I would if I were he.

The member to whom I was referring, who is the Leader of the Opposition in another place, asked - and I assume that this was on instruction from the Leader of the Opposition in this place; if he still talks to the man - for a regular briefing by Mr McCusker about his inquiries. What an absolute outrage! What is the Opposition worried about - is somebody getting a bit close to its mates? What on earth would justify an investigation like this - independent from the Government, resourced by the Government and directed with terms of reference drawn by the National Companies and Securities Commission - providing even the Government with a regular briefing, let alone the Opposition? But that is the style of government that we would see if this Opposition were ever returned to office. Not only would it be demanding the briefings, but also it would be in there doing the running, the way it did in the past - the way it got John Byrne prosecuted when he was the Labor candidate in Esperance; the way it got Hon Tom Stephens and others investigated and charged in the Kimberley; the way it used its powers politically, endlessly. That is an outrageous request.

Mr Hassell: Did you know that Tony Fitzgerald had a briefing with the Government and Opposition in Queensland every week during his inquiry? You were quoting him earlier!

Mr PETER DOWDING: Well, we have not asked for a briefing from Mr McCusker on a regular basis, and if the member for Cottesloe is suggesting we should ask for it, I will refer that question to the Attorney General.

Mr Hassell: It has already been referred, because I asked him months ago. I wrote a letter.

The SPEAKER: Order!

Mr PETER DOWDING: This is the Opposition which declined to have a confidential briefing about the petrochemical industry; this is the Opposition which declined to have a confidential briefing about the Rothwells Ltd support; this is the Opposition which has declined to have a briefing about the litigation with Bond Corporation. "Oh, no", said the Leader of the Opposition, "I am so accountable that I can never have a briefing in confidence because whatever you tell me I will immediately run out and tell the papers, particularly if it is salacious." What an incredible proposition! The Opposition never wants confidential briefings that have been offered to it but it wants one from the independent prosecutor.

Mr Hassell: Because we do not trust you, but we do trust the independent man.

The SPEAKER: Order!

Mr PETER DOWDING: Does the member for Cottesloe trust the independent man?

Mr Hassell: Yes.

Mr PETER DOWDING: If the member trusts him he should let him get on with his job.

Mr Hassell: That is a different issue, isn't it?

Government members: Oh!

Mr PETER DOWDING: If I had someone like the member for Cottesloe on the front bench, I would be worried.

Mr Hassell: We suggest his terms of reference are not broad enough.

Mr PETER DOWDING: I am not surprised that the member for Cottesloe has chimed in, because he would have been a bit embarrassed by the speech from the Leader of the Opposition. If I heard it correctly, it suggested a vote of no confidence in the capacities of the independent head of that investigation.

Mr Hassell: What nonsense!

Mr PETER DOWDING: I am very pleased that the member for Cottesloe at least took up that implication, because he would not want that to get out at all.

Mr Hassell: You won't face up to the main issue - you do not want to clean up this State.

The SPEAKER: Order!

Mr Hassell: You have too many mates to protect, including some of your Ministers.

The SPEAKER: Order!

Mr Pearce: Go on, call for a withdrawal. I am just pointing out the hypocrisy of members opposite, who consistently call for withdrawals from members on this side for the most minor matters, and then make that kind of allegation.

Mr PETER DOWDING: These are the people who have now attacked the integrity of the Attorney General, -

Mr MacKinnon: Yes.

Mr PETER DOWDING: - almost every senior Crown Law officer, the Auditor General, the Commissioner for Corporate Affairs, -

Mr MacKinnon: Yes.

Mr PETER DOWDING: - Crown Law prosecutors, -

Mr MacKinnon: Yes.

Mr PETER DOWDING: - senior public servants, and anybody who provides advice to the Government, whether it is First Boston Corporation or lawyers; and now it has become very fond indeed of the use of the word "misleading".

In the short time left to me I want to remind the House that the Opposition members were the people who only last week were infused with the thought that the South Australian Government had invested in the petrochemical project. Not only were they infused with that thought but also they said publicly that my deputy, Hon David Parker, had misled the House.

Mr MacKinnon: He certainly did.

Mr PETER DOWDING: The evidence is quite clear -

Mr MacKinnon: That he did.

Mr PETER DOWDING: - and everyone apart from the Leader of the Opposition knows it to be the case; that is, that the South Australian Government or its financial corporation did not make an investment in that project. It bought notes, and it bought them not from their source.

Mr Court: They provided finance.

Mr PETER DOWDING: They bought notes, and so did Mr Greiner's finance corporation. Did the Opposition not know about that at the time?

Mr Court: You are misleading the House.

Mr PETER DOWDING: What an embarrassment! The Opposition fired off one barrel and the other barrel fired back at it, and neither of them had anything in them except damp squibs. However the Opposition does not have the grace to admit it was wrong.

Mr Court: We were not.

Mr PETER DOWDING: The Opposition does not have the grace to admit it slurred the character of the Deputy Premier and that it was wrong. Everyone makes mistakes. I do not think there would be one person on this side of the House who would not admit that from time to time they make mistakes.

Mr Shave: And big ones.

Mr PETER DOWDING: And big ones sometimes. The safest way for the member for Melville I am sure will be to admit that he himself has made many mistakes.

Mr Shave: You have lost more money than any other Premier of this State.

Mr PETER DOWDING: An active Government builds the State, and this Government is doing that. Look at the record over the past seven years, and compare it with the stagnant position we inherited in 1983. That was when young people had a 30 per cent chance of not even getting a job. That was as the result of the efforts of the Leader of the Opposition; that was his contribution to this State.

Mr Parker: He was the industry Minister.

Mr PETER DOWDING: Yes, although that might have been too subtle for some people here. I am reliably informed that the Opposition has recognised it made a mistake over the issue of the South Australian Finance Corporation. However, it was the slip from the Deputy Leader of the Opposition last night in this House which has made the Opposition justify itself publicly. The Opposition has admitted itself that it made a slip. Not only that but the Leader of the Opposition is going around the community telling barefaced untruths. The Leader of the Opposition told the community on air as follows -

> The North West Shelf was the most successful and beneficial project that this State has ever seen or undertaken . . .

I must say the Government thought so too. However the Government was horrified by the thought that the State underwrote the project to the tune of a potential risk of $7.5 billion. It was certainly a touch nicer than the Opposition's blatant personal investment in Bunbury Foods which slipped. The Deputy Leader of the Government made it clear at the opening yesterday that the Government supported the North West Shelf project and recognised the level of State underwriting. However, the Leader of the Opposition went on to say on air -

> . . . I repeat again (it) was fully reported in Parliament and to the people of Western Australia at the time.

That is just absolutely incorrect and the Leader of the Opposition should not say things he knows to be untrue. Not only that, the Deputy Leader of the Opposition put out an advertisement - his smokescreen advertisement designed to give the impression that people other than Bond Corporation were feeding him documents and lines - that the Government's application to wind up Petrochemical Industries Ltd had failed. Did the Leader of the Opposition not do that? Come on, did the Deputy Leader of the Opposition not read the advertisement first? Does the Deputy Leader of the Opposition not admit that was wrong? Did he not proof read it?

Mr Court: Mr Premier, you have told so many barefaced untruths.

Mr PETER DOWDING: Well, does that justify the Opposition telling some more porky pies? Members know that the Leader of the Opposition and the Deputy Leader of the Opposition said it had failed when it had not failed, but not only when it had not failed, we were taking the flak for doing the right thing. The Government was going through a difficult time in order to achieve the outcome we will be successful in achieving tomorrow. Faint heart never won fair lady, as I said at the opening of the North West Shelf project. The truth

is that the Opposition does not have the guts to deal with problems. The Government has the capacity to deal with them, and the winding up of PIL is a good example of that. We are not going to lie down because the Opposition says "Pouf" or because the Opposition, on behalf of Bond Corporation, wants the Government to lie down. We will win this and we will see it out.

Mr Clarko: You have failed; you have made a mess of it.

Mr PETER DOWDING: Incidentally the Leader of the Opposition has even taken to explaining away section 54B of the Police Act by saying it was good for the State. I do not think that goes down too well. I cannot get over these comments in respect of section 54B. The Opposition comprises very naughty people.

Mr Cowan interjected.

Mr PETER DOWDING: The Leader of the National Party should watch and see what happens. The Government has said it will get a project going, and it will. However, naughty people like those in the Liberal Opposition destroy democracy with section 54B. Under that law not more than three people could gather; it was supported by the National Party.

Mr Cowan: No, it was not.

Mr PETER DOWDING: I apologise and withdraw. How much time do I have left? Ten minutes?

The SPEAKER: No.

Mr Court: Give him an hour.

Mr PETER DOWDING: Someone just told me not to take any notice of the clock and that I have 12 minutes left.

Mr Clarko: You are making such a mess of it, you should continue.

The SPEAKER: Order! I thank the member for Marmion for that because it is close to the advice I will give the Premier. We are having some considerable difficulties with the timer. We are doing our best to resolve it. In fact while the clock shows "nought" now, it actually means "nought". On other occasions when it shows nought, it means 10 or 15 minutes or anything but nought, so I can understand the confusion. In fact it now means nought but because of the confusion I will give the Premier a little time to wind up.

Mr Peter Dowding: Thank you, Mr Speaker. I will do that.

Point of Order

Mr KIERATH: Mr Speaker, at three minutes the gong went and lights flashed.

The SPEAKER: Hang on, the member for Riverton cannot canvass my comments.

Debate Resumed

Mr PETER DOWDING: I was just saying that naughty people interfere with democracy and they take away the freedom to gather and the proper rules of elections. Members opposite did all those things. They even prevented people enrolling for elections unless they were prepared to find a justice of the peace or a police officer. That was designed not only to destroy the community but the whole basis of democracy.

In conclusion, let me say that this motion is a farce because it is over six months since the terms of reference came out. This motion is a farce because the Opposition made no complaints about it at the time. This motion is a farce because it does not recognise that the inquiry in fact permits the inquirer to investigate all matters concerning Rothwells and in particular, as I have quoted from the terms of reference -

> all matters concerning the affairs of Rothwells during the time commencing 1 January 1985 and ending 31 December 1988 . . . with particular reference to those matters associated with or contributing to the failure of Rothwells . . .

It is not the role of an inspector of the Companies Code to go into questions of economic and political desirability or undesirability. Of course the inspector is not being asked to address those issues because they are not relevant to that inquiry. Those are matters that will be dealt with by the Opposition and by the Government.

MR LEWIS (Applecross) [11.39 am]: We have just heard 33 minutes of "he protesteth too much". The Premier did not address the substance of the motion at all. He skirted around the edges and if he had really wanted to include matters within those terms of reference, and have a proper inquiry, he would not need to protest at all or even to defend his position.

Obviously we have touched a nerve. I want to correct something which the Premier said which was untruthful. He said that we have had more than six months to protest against the terms of reference of the inquiry. The terms of reference took five months to publish; they were published on 1 August this year in the Commonwealth *Government Gazette*.

Mr Peter Dowding: That is not true.

A Government member: That is a stunt.

Mr LEWIS: It is not a stunt at all; it is a very deliberate and determined effort by the Opposition, which represents the citizens of Western Australia, to ensure a proper and thorough inquiry takes place into the Rothwells debacle and associated matters - that is, the petrochemical deal and the other rotten, stinking associated matters. We are not prepared to sit here and ignore the fact that the terms of reference are so finely drawn that on technical grounds the investigator could not inquire into those other matters. That is what we are here about; it is not a stunt. I will correct another untruth by the Premier. He said that the National Companies and Securities Commission drew up the terms of reference; that is wilfully untruthful. For the Premier's benefit I will quote the notification -

> Pursuant to subsection 292(6) of the Companies (Western Australia) Code ('the Code') the National Companies and Securities Commission hereby gives notice that the Honourable Joseph Max Berinson, Attorney General in and for the State of Western Australia, by instrument in writing . . .

Not an instrument of the NCSC. To continue -

> . . . pursuant to subsection 291(1) of the Code directed the National Companies and Securities Commission to arrange for an investigation . . .

The terms of reference were drawn by this Government; they were drawn by the Attorney General, framed by him, and put in place.

Mr Peter Dowding: Where is the evidence to support that?

Mr LEWIS: The *Government Gazette*. I accuse the Government of wilfully telling untruths -

Point of Order

Mr PETER DOWDING: Mr Speaker, the member on his feet has accused me of being untruthful on two grounds. One is that the terms of reference were not made public until August, and the second is that the terms of reference were not drawn by the NCSC. The member has before him page 337 of *Hansard* of 5 April 1989 which shows both of those assertions to be incorrect. I ask for his withdrawal.

The SPEAKER: That is not a point of order; it is a point of view. There may be a number of methods that could be used to get that information to Parliament which may be considered a little better than a point of order.

Debate Resumed

Mr Peter Dowding: The member should read *Hansard*; look at this!

Mr LEWIS: I am hurting the Premier.

Mr Peter Dowding: This shows you are prepared to make outrageous allegations. It shows you are prepared to make slanderous statements.

Mr LEWIS: The facts are that *Hansard*, at page 337, did not in any way specify the companies, the persons or whoever, which should be inquired into.

Mr MacKinnon: Bond was not on the list.

Several members interjected.

The SPEAKER: Order!

Mr LEWIS: I deliberately charge and accuse the Government of wilfully and deliberately

drafting the terms of reference to exempt from the inquiry the key players in the collapse of Rothwells and the petrochemical deal.

Mr Peter Dowding: Where is your evidence?

Mr LEWIS: It is one great, rotten imbroglio.

Mr Peter Dowding: Where is your evidence?

The SPEAKER: Order!

Mr LEWIS: Mr Speaker, we heard the Premier in reasonable silence; I think I should be heard in silence.

In a deliberate and calculated way, the Premier informed the public of Western Australia in his duplicitous statement that Mr McCusker, QC had the ability to investigate all matters fully. The fact is that Mr McCusker is extremely limited in his terms of reference. What are terms of reference? They are a specification for a job to be carried out within certain parameters. Terms of reference instruct someone to do a job. That person cannot do things outside those parameters unless the terms of reference are amended. Mr McCusker has said, in writing, "I am of course completely receptive to any submissions made to me within the ambit of my appointment." That is the point - within the ambit of his appointment. That is the nub of the whole issue. The Premier stood for 33 minutes, ranting and raving, abusing the Opposition, and avoiding the real issue; namely, that this inquiry by Mr McCusker, QC, for whom I have the utmost respect, should be wide enough to do certain things. There should not be any objection from the Government as to the extent of that inquiry, if the truth is to be discovered.

Mr Peter Dowding: Can I ask you a question?

Mr LEWIS: I have not the time to answer questions.

Mr Peter Dowding: Do you accuse the Attorney General of misleading the House when he said that the terms of reference were settled by the NCSC?

Mr LEWIS: The facts are -

Mr Peter Dowding: Did he mislead the House?

Mr LEWIS: The Premier made a Press statement; the facts are -

Several members interjected.

The SPEAKER: Order!

Mr LEWIS: Do I have to put up with this, Mr Speaker?

The SPEAKER: Order!

Mr LEWIS: The Premier issued a Press statement stating that "the proper forum for the investigation and possible prosecution of people involved with Rothwells management, or in providing advice, is with the special investigator. Having appointed a special investigator we will continue to assist in providing facilities to bring to book those who have responsibilities in this area." That is all very good, but if the inspector is given such narrow parameters of investigation, how can he investigate WA Government Holdings Ltd, Bond, R & I Bank, the State Government Insurance Commission, Western Collieries, the Premier, the Deputy Premier, and the Minister for Economic Development and Trade. They are the key people and organisations at the root of the problem. Those organisations and those people should be investigated, yet by making the terms of reference so restrictive the Government has ensured that the investigator cannot investigate.

They are the facts, Mr Speaker.

Mr Pearce: Has the investigator claimed a lack of capacity to investigate?

Mr LEWIS: We do not need to come in here to hear excuses or reasons why the terms of reference have not been extended. The cold hard facts which speak for themselves are that the terms of reference are too limited to allow for a proper inquiry into the disastrous piece of history over which this Government has presided. The time has come for this Government to be honest and to bring people to book over what happened. That is what we are attempting to do with this motion, but this Government - with its very improperly framed terms of reference - wants to get one little person who does not really matter.

Points of Order

Mr PETER DOWDING: To allege that the terms of reference are improper, and in light of the fact that he claims the terms of reference were drawn up by the Attorney General, is to accuse the Attorney General of impropriety. If the member for Applecross accuses the Attorney General of impropriety, he ought to withdraw it.

The SPEAKER: I have been listening fairly carefully to the debate for precisely that reason. While I suspect that one could admit that the member is skirting around that point, he has not actually said it - and I hope he does not.

Mr WATT: If the member on his feet was not addressing the question as strictly as you would have him do, Mr Speaker, it is little wonder when the Premier continues to interject unceasingly on the member. The Premier made his speech and should be ruled to be quiet or slip him a butt.

Debate Resumed

Mr LEWIS: In conclusion, I would be remiss in my submission if I did not state that the terms of reference are too restrictive and that what this inquiry will be known as - rather than the McCusker inquiry - the "Patsy" inquiry; a patsy will be found under the terms of reference who will take the rap, and the public will consider that the Government has done the right thing. I commend the motion to the House.

MR COWAN (Merredin - Leader of the National Party) [11.53 am]: It becomes clear to members of the National Party that while the terms of reference that have been given to the special investigator are reasonably broad, there is some truth in the statement that some of the issues that the people of Western Australia want investigated are quite conspicuous by their absence in the terms of reference. It is quite true, as the Premier claims, that the terms of reference are all embracing and deal with all matters concerning Rothwells and the corporations listed in schedule A, but upon examination schedule A does not contain the companies listed by the Leader of the Opposition.

Mr Peter Dowding: Can I say something?

Mr COWAN: I do not have much time.

Mr Peter Dowding: Let me assure the Leader of the National Party that the terms of reference were drawn and settled by the NCSC, and that is the outrageous part of the comments of the member for Applecross.

Mr COWAN: There are demands and questions about the activities of the SGIC, WA Government Holdings, Bond Corporation and the R & I Bank which need to be satisfied. From the National Party's view, the R & I Bank and the SGIC require special attention because there is a growing concern that the SGIC is almost bankrupt because of its involvement in this affair.

Mr Peter Dowding: You should not say that.

Mr COWAN: That is the public concern, and the Premier should accept that.

Mr Peter Dowding: Nobody is saying that except the Leader of the National Party, and it is irresponsible.

Mr COWAN: Rather than telling me that I am irresponsible, the Premier should allay those public fears; but he is not doing that. If the Premier wished to, he could put the mind of the public to rest by assuring them that the SGIC was not in a great deal of difficulty as a result of what was imposed on it by the actions it was caused to take in getting involved in supplying funds to WA Government Holdings. The Premier could do the same thing by assuring the public that the R & I Bank has not lost a substantial amount of money by, again, being caused to offer funds to support the bodies or companies involved with Rothwells - some of which companies have been omitted from the terms of reference.

Mr Peter Dowding: The member has had that information.

Mr COWAN: I suggest that rather than talk to me, the Premier should tell the public.

MR HASSELL (Cottesloe) [11.56 am]: The Opposition has brought on this matter of public importance today to put forward very clearly the proposition that the terms of reference of the inquiry by Malcolm McCusker, QC, into Rothwells are inadequate. The

response from the Premier to that serious charge is to say that the terms of reference were published in March or April. The fact is that the terms of reference were not published until they appeared in the *Government Gazette* on 1 August 1989. The Premier was wrong on that score.

Going to the nub and heart of the issue, what has happened since March? What has happened since 1 August to dramatically alter the situation? What has happened is the action of the Premier himself on the opening day of Parliament on 29 August 1989, when he came into this House and told the people of this State about his major confrontation with Bond Corporation, and then selectively tabled some papers relating to that confrontation. What that tabling of papers did fundamentally and essentially was to establish an inextricable link between the Rothwells rescue, the SGIC and Bond Bell deal and the petrochemical project. The Premier established why the terms of reference settled in March with the approval of this Government were inadequate. That is the issue, and it has been noticed not just by the Opposition; the newspaper *Australian Business* of 16 August under the heading "Brought To Account", on page 80 under the subheading "Rothwells: some pieces are missing" states the following -

> The Government Gazette of August 1, 1989, carries the NCSC's notice of investigation into Rothwells. The notice is actually dated March 9, 1989 and presumably got lost at the government printers office. The notice of investigation names 182 other companies whose affairs may be investigated insofar as they relate to Rothwells.
>
> While the 182 companies include some of the known-major players - Beltech, Dalleagles, PICL, Vital Technology and Westralian Gold - two notable omissions from the list are Bond Corporation and Western Australian Government Holdings Ltd. The NCSC report on Rothwells lists both these companies in connection with their acquisition of PICL from Rothwells but it seems that the transaction is not worth investigating! Given that the petrochemical refinery project seems still to be in some doubt, one wonders why not?

Since that article was written, the Premier has come to Parliament and selectively tabled the papers relating to the dispute with Bond and has put into the public arena the fact that the various rescues of Rothwells, the original rescue of Rothwells, the establishment of the PICL project with Bond, the SGIC deal with Bond in relation to Bell shares and so on are all intertwined and the documents have shown that the transactions were carried out on the one day.

Mr Peter Dowding: The documents support what we said about them.

Mr HASSELL: How can he honestly say - and this Premier would have the public believe with his smooth tongue, and he does present well on the radio even when he is not telling the truth - that he wants to clean up this State and is genuinely committed to cleaning it up when he does not give terms of reference which allow the substance of the issues to be investigated.

In closing, the Premier made some fuss about the fact that we said there should be access by the Opposition to Mr McCusker in relation to his investigations. The Premier suggested the Government had no access. In question on notice 506 to the Attorney General the other day I asked, "Has the Attorney General received -

Mr Peter Dowding: The Government didn't receive briefings.

Mr HASSELL: Did the Government not receive briefings?

Mr Peter Dowding: We didn't get briefings on the conduct of the investigation.

Mr HASSELL: In reply to this question the Attorney General said "yes". The question reads -

> (1) Has the Attorney General received any interim or final report, whether formal or informal, oral or in writing concerning the investigation of the Rothwells collapse?
>
> (2) If so, what report has been received?

The Attorney General replied -

(1) Yes.

(2) Various oral reports of an informal and interim nature have been provided by the Special Investigator, Mr Malcolm McCusker, QC, and the Commissioner for Corporate Affairs.

So much for what the Premier said this morning. He has been thoroughly caught out. His investigation is not intended to really cover the issues.

Mr Peter Dowding: Rubbish, it is so.

Mr HASSELL: This Government is not dinkum in seeking to clean up WA Inc because it is protecting too many people too close to it.

Mr Peter Dowding: What a load of nonsense.

Question put and a division taken with the following result -

Ayes (23)			
Mr Ainsworth	Mr Hassell	Mr Minson	Mr Fred Tubby
Mr Clarko	Mr House	Mr Nicholls	Dr Turnbull
Mr Court	Mr Kierath	Mr Shave	Mr Watt
Mr Cowan	Mr Lewis	Mr Strickland	Mr Wiese
Mrs Edwardes	Mr MacKinnon	Mr Thompson	Mr Bradshaw *(Teller)*
Mr Grayden	Mr Mensaros	Mr Trenorden	

Noes (27)			
Dr Alexander	Mr Peter Dowding	Mr Leahy	Mr P.J. Smith
Mrs Beggs	Dr Gallop	Mr Marlborough	Mr Taylor
Mr Bridge	Mr Grill	Mr Parker	Mr Troy
Mr Carr	Mrs Henderson	Mr Pearce	Dr Watson
Mr Catania	Mr Gordon Hill	Mr Read	Mr Wilson
Mr Cunningham	Mr Kobelke	Mr Ripper	Mrs Buchanan *(Teller)*
Mr Donovan	Dr Lawrence	Mr D.L. Smith	

Pairs

Ayes	Noes
Mr Omodei	Mr Graham
Mr McNee	Mr Thomas
Mr Blaikie	Mrs Watkins

Question thus negatived.

ACTS AMENDMENT (REMUNERATION OF GOVERNOR) BILL

Second Reading

MR PEARCE (Armadale - Leader of the House) [12.05 pm]: On behalf of the Premier, I move -

That the Bill be now read a second time.

The purpose of this Bill is to alter the method of fixing the Governor's salary. Currently, the Governor's salary is fixed by the Constitution Acts Amendment Act. This states that the Governor shall receive 70 per cent of the salary of the Chief Justice of Western Australia. This link was established in July 1984 at the commencement of Professor Reid's term of office. By linking the Governor's salary to one that is regularly reviewed, it was thought that a number of difficulties found in previous methods of fixing the Governor's salary would be avoided.

Prior to the 1984 amendment, the pattern of fixing the Governor's salary was for the salary to be reviewed irregularly, typically to coincide with a new appointment to the office and then to insert an appropriate fixed sum into the Act. This occurred for example in 1969 and in 1974. In the years between 1974 and 1984 the salary was not varied and where adjustments

were considered necessary, an expense allowance was introduced administratively and later adjusted.

This pre-1984 method of fixing the Governor's salary was cumbersome and unsatisfactory, and Parliament was required to deal with the adjustments each time. As a consequence, time lags often characterised the adjustments and the Governor's salary was frequently out of touch with the sort of salary reviews that others such as members of Parliament and senior public servants received. Accordingly, in 1984 it was decided to link the Governor's salary to 70 per cent of the Chief Justice's salary. As the Governor's official salary is income tax exempt, this proportion gave him a salary advantage over the Chief Justice. By providing for a direct link with a salary that was regularly reviewed in a public way and that was the subject of parliamentary review, it was considered that a sound basis for regular viceregal salary fixing was provided for.

With the benefit of hindsight however, perhaps not enough attention was given in 1984 to the fact that the amendment linked, in salary terms, two unique and disparate roles. Both the office of Governor and that of the Chief Justice are critical and important roles in the structure of responsible Government as we know it in Western Australia. Both offices have unique standing. However, they are fundamentally distinct, one from the other, in terms of their respective roles, duties and functions.

It follows therefore that, in many ways, there is little logic in linking the salaries of these two critical and disparate offices. Certainly, the convenience factor of providing a regular review of the Governor's salary is not to be discounted. However, judicial salary reviews take in factors relevant to the judiciary. Generally speaking, salaries applicable to the judiciary elsewhere are taken into account, as well as rates paid within the legal profession. Little of this has any particular relationship with factors relevant to the setting of a vice regal salary.

This Bill proposes to sever the automatic link between the Governor's salary and that of the Chief Justice and to put in its place a provision that will allow the setting of the Governor's salary in a manner more appropriate to his or her special circumstances. The Salaries and Allowances Tribunal has been established to deal with remuneration issues concerning the judiciary, parliamentarians, senior public servants and others. It has specialist expertise and knowledge in these matters. It is, in my Government's view, entirely appropriate that the tribunal should be empowered to consider the Governor's salary more directly.

What we propose with this Bill is that, before an appointment is made to the office of Governor, the Premier shall request the tribunal to inquire into and determine the remuneration of the Governor. In making this inquiry, it is expected the tribunal will consider a range of factors including -

> The tax exempt status of the Governor's "official salary";
>
> the overall package of benefits that attach to the office of Governor;
>
> the remuneration paid to other State Governors and to the Governor General; and
>
> the remuneration paid to others in Western Australia, such as the judiciary, parliamentarians and senior officers of the public sector.

The tribunal will be able to take into account these and any other factors it believes to be relevant to its assessment, and then make a determination.

The tribunal's report may include also a determination of a method of adjusting this remuneration from time to time during the term of the Governor. Thus, the tribunal may provide for occasional adjustments to ensure that the real value of the Governor's remuneration is maintained during a term of office, with these adjustments being made in a way that is clearly stated before an appointment commences.

The amendment provides also for a transition arrangement allowing the tribunal to determine the remuneration on the coming into operation of the amendment, whether or not there is a Governor in office. This proposed method of fixing the remuneration of the Governor then allows a specialist tribunal to use its expertise in considering the particular circumstances of a viceregal representative and to make a determination relevant to that unique office.

I commend the Bill to the House.

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

ACTS AMENDMENT (PERTH MARKET AUTHORITY) BILL

Second Reading

MR BRIDGE (Kimberley - Minister for Agriculture) [12.11 pm]: I move -

That the Bill be now read a second time.

Members of the House will be well aware of the relocation of the Metropolitan Markets from their established site in West Perth to the Canning Vale area. As an institution in Western Australia, these markets have had a long history. The first public market was opened in June 1872 under the archways of the Perth Town Hall which was itself constructed with a view to that use. The practice of establishing a market under a public building had been common in Europe 300 to 500 years before. These facilities were then known as the "Perth Markets".

Following a number of moves to various separate sites to cater for the expanding colony, in 1913 the Government of the day resumed 16 acres of land in West Perth as a possible site for a central market. In 1924, a Select Committee was established to inquire into the "better sale and distribution of produce" and it was recommended that a central market should be established. As a result, the present Act was proclaimed in 1926. That Statute was named the Metropolitan Market Act as it was then considered appropriate to refer to the region surrounding the City of Perth rather than just the city.

Ultimately, the Government's previously acquired site at West Perth was chosen as the home for the markets and new buildings were officially opened on 14 June 1929, a full 100 years after settlement of the State began.

The markets began with the transference of the fruit and vegetable agents who were operating in various parts of the city. Around them grew the private treaty agents and the merchant packers.

I pay tribute to the traders and agents of the early years before and soon after the turn of the century. The roots of some of the family businesses operating in the central market today can be traced back over 100 years and their continued existence is a monument to the industry. I believe sincerely that, without such dedicated business people in Western Australia, the concept of a central market would have long since been lost under the growing influence of competition from direct selling methods.

To help meet this challenge there is now a need for the activities of the market to be seen as part of an Australian, if not a world, scene. I have accepted the view of the Metropolitan Market Trust that the word "Metropolitan" is inappropriate as it has little relevance outside the State. The market has been associated with Perth for 160 years and it is time to officially re-establish that link. The name of the State's capital city clearly identifies the location of the market in the world and the Bill puts this requirement into place.

Since the proclamation of the 1926 Act, the market has been administered by a trust. Nowadays, a trust is more associated with property and financial business. The word "authority" is considered to more properly identify the market's association with Government as a statutory authority. The Bill also brings this change of name into effect, causing the Metropolitan Market Trust to be known as the Perth Market Authority. For operational and public relations purposes, the Canning Vale market will be known as "market city", but this is not subject to statutory jurisdiction.

At its new site, the authority will provide a range of new services to help it meet the challenges about which I have spoken. It will be responsible for the management of a major commercial centre. It is also intended to hold and foster weekend markets and other activities, including trade fairs and the like. The closer relationships that have been developed with commercial interests have necessitated a review of the trust's present total exemption from liability to pay local government and water rates. In fairness to these organisations, it is believed that the trust should pay rates on those parts of the site that are public related commercial enterprises. Those areas include a wholesale-retail building and two blocks of rentable office-laboratory accommodation. Also included is an adjacent cafe site, a site for a tavern, and a service station site. If the need arises, an expansion of these areas is possible within the boundary of the public market.

The Bill provides that local government and other rates shall be paid by the Perth Market Authority on portions of the site that are declared by the Minister to be not exempt. That is, the exemption from liability to pay rates continues to exist unless the Minister formally

agrees to such payments. Furthermore, where there is a mixture of wholesale and public related commercial activities, the Minister will be able to approve the payment of the appropriate percentage of rates that has been struck.

In order to recover rates from tenants, all new leases within the commercial centre include appropriate clauses, requiring leaseholders to pick up this liability. There will be no cost to the authority or to the Government as a result of the intended action.

Two further substantive matters are dealt with in the Bill: Regulation of fork-lift operation; and the method of issuing infringement notices for traffic offences.

Those members of this House who have been to the West Perth site in recent years will know of the reliance that agents, traders and buyers have come to place upon fork-lifts. These modern beasts of burden can be moved rapidly and with little noise. If driven without care they will create a major hazard, not only to people but also to property.

The trust has been under considerable pressure from the Department of Occupational Health, Safety and Welfare to take steps to prevent the irresponsible misuse of fork-lifts and potential danger to other users of the market. The trust's problem is that the "roads" within the site are considered to be roads under the Road Traffic Act. Vehicles using these roads therefore come under police jurisdiction. However, it is a fact that the police only rarely visit the market site and certainly do not see the market's internal traffic control as their role. There is no available power at all on leased property.

To meet its obligations as the controlling body, the authority needs a by-law making power to provide for the registration of fork-lifts by way of a large sign clearly visible at a distance. Market inspectors need to be able to identify fork-lifts that are being driven dangerously on the site and to take action against offending drivers. To enable such drivers to be identified, an authorisation to drive will be issued to persons already licensed to operate those vehicles under the Road Traffic Act. The authority's authorisation will be in addition to, and not instead of, the police driver's licence. In the same manner, the authority's fork-lift registration will be in addition to that required under the Road Traffic Act.

It is intended that the proposed registration schemes will relieve the Police Department of the need to monitor fork-lift operations on the site, without removing the opportunity for this if it is thought to be necessary.

The final thrust of the Bill is to rationalise the paperwork and remove the opportunity for confusion concerning infringement notices that exists in the present Act. Sections 13(4d), (4e) and (4f) of the Act empower the trust in relation to the method of collecting charges or penalties, the notification of offences and the onus of an offence where a driver is not present at the time the notice is issued.

The Bill repeals sections 13(4d), (4e), and (4f) and that part of section 13B(1) that causes confusion by presently prohibiting the use of an "infringement notice" for traffic offences. The form of notification in these cases is a "modified penalty", which is essentially the same as an infringement notice. This section is amended by adding two new subsections, the first providing that an infringement notice may be left with the offending vehicle and the second, in the absence of the driver, providing that the owner is deemed to be the person who committed the offence. The intention is not to change the thrust of the Act in any way. Rather, it is to enable notification of a modified penalty - to be called an "infringement notice" - to be issued for offences against any appropriate bylaw.

Consequent to the major thrusts of the Bill, a number of sections of the Act are amended, particularly in relation to the change in name from the Metropolitan Market Trust to the Perth Market Authority. The corporate powers of the trust have also been carried forward to the authority, as has reference to the trust in other written laws, notices and other documents in existence.

In a similar manner, reference to the Metropolitan Market Act in five other Acts has been amended to be the Perth Market Act. The Government believes the Bill will cause no hardship. On the contrary, it carries forward the continuing growth of the central produce market, a concept that has had a place in history almost since time began.

I commend the Bill to the House.

Debate adjourned, on motion by Mr House.

COMMERCIAL TENANCY (RETAIL SHOPS) AGREEMENTS AMENDMENT BILL

Second Reading

MRS HENDERSON (Thornlie - Minister for Consumer Affairs) [12.23 pm]: I move -

That the Bill be now read a second time.

The purpose of this Bill is to amend the Commercial Tenancy (Retail Shops) Agreements Act of 1985. A study of the Act and background material shows clearly that when the Act was introduced the Government was committed to an approach that would redress the obvious imbalance of negotiating power between many landlords and tenants, but to do so without undue or overly prescriptive intervention into commercial transactions. However, an assurance was given in the course of the Act's passage through Parliament that leasing practices would continue to be closely monitored. This has been done and in order to achieve the intent of the Act, appropriate amendments have been considered necessary.

Since the introduction of the Act there clearly has been an improvement in many areas of leasing practice addressed by the Act. However, due to the innovativeness of some landlords and tenants new practices have been developed and, in some cases, the intent of the legislation has been circumvented. There are also a few areas in which the Government's desire to minimise regulatory intervention has resulted in the Act becoming less effective than anticipated. Consistent with the Government's policy of providing adequate opportunity for comment by interested parties, the issues which have caused some concern within the retail industry have been canvassed with landlord and tenant groups and others during the process of formulating the recommendations upon which the amendment Bill has been framed.

The cornerstones of this legislation are the provisions which facilitate the exchange of information. This is particularly so for information from landlord to tenant during the initial stages of lease negotiations. Also there are provisions which establish procedures for disputes to be resolved by conciliation. Each of these areas is addressed in this Bill to improve compliance.

Amendments will also improve the security of tenure of a lessee or an assignee in the event that the leased premises are sold by the landlord. This will be done by redefining the term "landlord" to include a person who has a reversionary interest in the premises. The effect will be that when the leased premises change hands the new owner steps into the shoes of the landlord and will assume the same obligations under the lease.

Tenants in certain petrol service stations will be brought under the provisions of the Act. Presently petrol stations owned by oil companies and leased under a franchise agreement are regulated under Federal Government legislation. However, petrol stations leased from independent owners are not addressed under Federal legislation and until now have also been excluded under the Commercial Tenancy (Retail Shops) Agreements Act. This was originally done because it was considered more appropriate to include them under the ambit of the Federal legislation. Representations made by the State Government to the Federal Government failed to achieve that result. Consequently, as there is no valid reason why retail tenants in these service stations should be treated differently from other retail tenants, they will be brought under the ambit of this Act.

An important amendment will stop the trend towards landlords requiring tenants to pay into sinking funds in connection with costs associated with construction, extension and structural improvements to a shopping centre. These funds, which have been a cause for growing concern, are quite distinct from expenses incurred by landlords and legitimately charged to tenants in respect of general operating and maintenance outgoings.

Experience has shown that the lack of compulsion for parties to attend conciliation conferences called by the commercial registrar has resulted in few disputes being settled in this inexpensive and quick manner. It is in everyone's interest to ensure that this system is effective and the registrar will therefore be given power to call conciliation conferences at which disputing parties will be compelled to attend.

A few of the proposed amendments covered by this Bill simply spell out, in clearer terms, what was originally intended. They may be considered as improvements in the drafting to

obviate any difficulties that have been experienced in the interpretation and administration of the Act. Others will be seen as impacting more heavily upon unreasonable leasing practices. However, the tenor of the Bill is to maintain an even-handed approach with adequate attention given to the position of landlords as well as tenants. For example, a provision in the Act prohibits a landlord from charging a tenant key money or from sharing in the goodwill payment a tenant may receive when selling the business. Amendments in these areas of the Act will reinforce that intent and will additionally recognise that a landlord may sell a business that he or she has been operating on his or her own premises and should, in such circumstances, be entitled to receive a goodwill payment. Similarly, just as a landlord will be obliged to advise a tenant of his or her intentions concerning renewal of a lease, the tenant, should he or she wish to renew on the conditions offered, will need to advise the landlord of his or her acceptance of the renewal offer.

In recent months there has been evidence of a growing disharmony in the retail sector due to rental escalations and the methods by which market rentals are established. As an enhancement of provisions contained in the Act, an amendment will provide that, upon request and payment of a fee to the person who has determined the market rent, the person shall provide reasons for that decision in writing. A further provision which sets out a fair method for determining market rent, as proposed in the Clarke inquiry, will have mandatory application.

It is my firm belief that this Bill will result in a more harmonious retail sector because it satisfies the major remaining concerns of the tenants without adversely affecting the legitimate interests of reasonable and fair-minded landlords.

I commend this Bill to the House.

Debate adjourned, on motion by Mr Fred Tubby.

STATE SUPPLY COMMISSION BILL

Second Reading

MRS HENDERSON (Thornlie - Minister for Works and Services) [12.30 pm]: I move -

That the Bill be now read a second time.

The purpose of this Bill is to introduce major and long overdue reform into the supply management process in this State, and to modernise procedures relating to the purchase of goods and services by public authorities.

For many years the importance of Government purchasing has not been recognised as a major factor in economic growth and development. This Bill, which forms part of a State supply strategy, is a reflection of our commitment to operate a more effective and efficient purchasing system within Government, and to harness the $1.5 billion annual expenditure on goods and services to the advantage of local industry. Public sector spending on goods and services is the second largest expenditure item in the State Budget after salaries and wages.

This legislation is designed within a framework which will, through a State Supply Commission, coordinate supply policies across the whole of Government while allowing individual public authorities the flexibility to undertake a large proportion of their own purchasing within guidelines set by the commission. In return for this delegation public authorities will provide information on purchases that will allow the commission to target new contracts for "common use" goods and services with consequential expenditure savings. This new approach is in line with the philosophy of efficient Government by firstly setting policy and then allowing chief executive officers to manage within that framework.

By way of background, members will be aware that the supply function within Government and accompanying legislation has been the subject of scrutiny and review over the last 16 years. The review process has included the following -

Public Accounts Committee, Report No 8 relating to Government Stores Ordering, 27 November 1983;

Public Service Board Report - Review of Stores Procurement and Related Matters, August 1980;

Public Accounts Committee, Report No 18, State Supply Activities, 10 November 1982; and

Western Australian Government Computing Policy Committee, Report of Review Team, Supplies Management System, September 1983.

A principal theme evident in these reports was the need to improve the legislative framework, modernise public sector procurement, improve supply policies and practices, and better utilise public sector procurement to achieve savings and assist local industry. In October 1986 the Government took the first step to modernise public sector procurement when it established the State Supply Policy Council to include a number of major purchasing authorities and policy bodies. The objective of the council was to begin the process of reform that would -

ensure the consistent application of supply policy across the whole of Government;

achieve savings by coordinated tendering for common use goods and services;

modernise purchasing practices and improve efficiency and effectiveness;

achieve better service levels; and

improve accountability in public sector purchasing.

This framework formed the basis of a State supply strategy that was adopted by the Government in 1988. The strategy included the need for new legislation.

Under current arrangements the State Tender Board Act 1965 is the principal legislation concerning the purchase of goods and services, and the disposal of stores. The Financial Administration and Audit Act 1985 is also involved in the process through Treasurer's Instructions for the purchase of goods not under contract. This overlap in statutory coverage perpetuates the difficulty in properly managing supply matters. The State Tender Board Act is now more than 24 years old and has fulfilled an important role in the area of calling tenders and awarding contracts. The board has had limited involvement in strategic issues that concern supply, and in recent years its influence has lessened because of general dissatisfaction with the overall supply process. Also, the State Tender Board Act has a number of serious legal deficiencies that question its legal capacity to act as principal to a contract, thereby impacting on its effectiveness. The principal aims of the Bill are therefore -

to provide a framework for supply management in this State;

to establish clear responsibility for supply policy coordination across the whole of Government;

to introduced modern and professional practices;

to improve Government tendering for strategic "common use" contracts; and

to allow flexibility in operational procedures under guidelines.

The underlying philosophy of the new legislation is to establish central coordinated policy with decentralised management of operational procedures.

The State Supply Commission, once established, will take over the existing role of the State Tender Board and the State Supply Policy Council, both of which will cease to exist. To enable the State Supply Commission to fulfil its overall objectives it will have in place strategic information systems currently being developed to capture data on the purchase of goods and services by public authorities. This data will enable the commission to target new areas for common use contracts across Government, to monitor the procurement process for policy development and to assist industry in planning to meet future Government requirements. This process will be further assisted by rolling three year forward procurement plans, the first of which has already been produced by the State Supply Policy Council.

With respect to delegation, those public authorities accepting the responsibility to undertake decentralised purchasing will be required to prepare a business plan which outlines the internal management and control processes to be adopted. These plans will provide the basis for delegation to be granted by the commission while still preserving accountability, probity and compliance with policy. As a transitional arrangement, the State Supply Policy Council introduced a pilot program with the Building Management Authority to evaluate this new

approach and it proved most successful in improving efficiency and service satisfaction. The arrangement has been extended to the Department of Mines and the Police Department, and a full program to progressively extend the process to other interested departments and agencies has been developed and is under way. The new legislation will apply to all public authorities and supply policies will apply across the whole of Government. In evolving reforms in the supply process extensive consultation has already occurred within the public and private sector. Public sector agencies have given their view and there is overall support for the decentralisation of operational processes.

The private sector involved, through a supplier liaison committee of the State Supply Policy Council, comprises the Confederation of Western Australian Industry, the Western Australian Chamber of Commerce and Industry, Industrial Supplies Office, Small Business Development Corporation, Institute of Purchasing and Supply Management, and the Australian Information Industry Association. The committee has been closely involved in reform programs being introduced. A creditable feature of these reforms is the interest in and concern for efficient and effective supply management in the public sector with apparent bipartisan support. All of the central themes and visions have been consistently endorsed by both major political parties, and this is evidenced by reports undertaken by the Public Accounts Committee in 1973 and 1982.

I now turn to the Bill itself and provide the following information relating to its construction. Clause 4 establishes the commission as a body corporate with the power to acquire, hold and dispose of personal property. These attributes will enable the commission to enter into legal arrangements and to establish contracts on behalf of public authorities. The commission will be an agent of the Crown, and it will be a statutory authority for the purposes of the Financial Administration and Audit Act. Clause 5 establishes the functions of the commission which focus on -

> coordinating policies and practices that will improve the manner in which goods and services are supplied across Government. The commission will have a major role in modernising purchasing techniques, achieving value for money, and in examining the broader influence of supply policies to achieve Government objectives concerning small business, regional and industry development, technology and employment;
>
> managing the efficient supply of goods and services and the disposal of stores. This role will enable the commission to support public authorities in achieving Government programs and objectives;
>
> monitoring exemptions given under the Act and to ensure compliance with Government supply policies and to evaluate the effectiveness of operational practices; and
>
> providing for the exchange of information and playing a lead role in training personnel in the supply area.

Clause 6 gives the commission the necessary powers to enter into contracts and arrangements to ensure that public authorities are supplied with goods and services, to organise auctions for the disposal of stores, to collect information and to act as an agent for a public authority. Clause 7 ensures that the commission is accountable to a Minister of the Crown and to Parliament. Clause 8 establishes the commission with tripartite representation and this will ensure that supply policies have industry and employee input. This will be particularly important in achieving industry and economic objectives through the use of the Government's purchasing power. Clause 14 provides the power to establish committees under the umbrella of the State Supply Commission to enable the proper conduct of the supply process across Government, including calling of tenders and awarding contracts.

Clause 17 provides for compliance to supply policies by all public authorities. There is no exemption from this provision. Clause 18 enables the commission to provide advice to the Minister on any matter within its charter or on any matter that the Minister may refer to the commission. Additionally, the commission may through the Minister responsible for the Act provide advice to the Minister responsible for another public authority. Clause 19 establishes the commission's responsibility to arrange the supply of goods and services, except in cases where exemptions have been granted under clauses 20 and 21. This clause also recognises that public authorities may have legislative powers to acquire real and personal property;

however, this Act will be the principal legislation that will govern the specific area of goods and services.

Clauses 20 and 21 establish the framework to enable public authorities to undertake the responsibility for operational purchasing. SECWA, Water Authority of WA, Totalisator Agency Board, State Government Insurance Commission and the Rural & Industries Bank will have total exemptions under Clause 20. These public authorities currently hold exemptions under the State Tender Board Act.

The commission will grant "partial" exemptions (or delegations) to public authorities which are willing to accept responsibility for operational purchasing. Currently this is performed centrally through the Department of Services. "Partial" exemptions will be given under guidelines, including provisions for the exchange of information, monitoring and review arrangements. To date the Building Management Authority, Mines Department and Police Department have accepted this arrangement and it will be extended to other agencies on a progressive basis. Irrespective of whether it is a partial or total delegation, it is fundamental to the legislation that there will be compliance with supply policies, particularly with respect to the supply of purchasing data to the commission.

Clause 23 recognises the commission's responsibility to support charitable and benevolent institutions that receive appropriations from Government. The commission will have the power to arrange the supply of goods and services where persons or bodies in this category meet prescribed criteria established for this purpose. Clause 25 will provide the mechanisms for the commission to measure the efficiency and effectiveness of public sector procurement. Specifically, the commission's role in collecting information will provide the capability for the better utilisation of data on the expenditure on goods and services to strategic advantage for the overall Western Australian economy.

Clause 27 establishes the necessary regulatory powers to enable the commission to give effect to the Act. Clause 28 enables the commission to issue supply policies that will relate to the supply of goods and services and the disposal of goods. Supply policies will reflect Government economic priorities and goals. The commission will also examine micro-operational policies that will improve the efficiency of the Government supply process in such areas as warehousing of inventory, tender evaluation techniques, value for money principles and quality initiatives.

Clause 29 establishes the commission as the principal to a contract where it is acting as an agent for a public authority. This will apply in all instances unless it is expressly stated to the contrary in the contract. Clause 30 establishes the commission as a statutory authority for the purposes of the Financial Administration and Audit Act and will have funds appropriated to enable it to perform its responsibilities.

The reforms and initiatives being advanced by this Government in purchasing and supply practice will place Western Australia at the forefront in Australia. The Commonwealth Government and other States are also introducing similar reforms and in the future there will be greater opportunity for cooperation and reciprocal arrangements in strategic areas. This new legislation will give Western Australia a proper foundation to achieve excellence in supply practice and pave the way for a modern and efficient public sector supply management process.

I commend the Bill to the House.

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

The DEPUTY SPEAKER: I point out to members in relation to second reading speeches that I have been perusing the Standing Orders while listening to the last few second reading speeches and for the guidance of Ministers - and this is not intended as a criticism - I draw their attention to Standing Order No 255 where there is a note which states that debate should be on the general principles of the Bill and that it is not in order to discuss clauses of the Bill.

In the last several second reading speeches we have heard there has been mention of specific clauses. I ask Ministers, if they want to impart such information, to bear that in mind as it clarifies the distinction between the second reading speech and the Committee stage of the Bill.

BILLS (2)

Messages - Appropriations

Messages from the Lieutenant Governor and Administrator received and read recommending appropriations for the purposes of the following Bills -

1. Loan Bill
2. Coal Industry Superannuation Bill

TRANSPORT CO-ORDINATION AMENDMENT BILL

Second Reading

Debate resumed from 20 September.

MR HOUSE (Stirling) [12.45 pm]: I will add a few remarks to those made by the Leader of the National Party yesterday when he spoke to this Bill. On first glance the Bill seems fairly simple and rather innocuous; it does not seem to contain any great problems. However, when one looks at it a little more closely one sees that it has the ability to be transposed and could cause a great many problems. The passing of this Bill would result in the ability to transpose a great number of problems on to people who live in rural areas of this State.

It is interesting when one looks back over the history of transport in Western Australia to see that we went from a completely non-regulated system to an almost totally regulated system some years ago. It is also interesting to note that the first of the agricultural products that was regulated for transport purposes was milk, which was first regulated to the rail system in Western Australia. There has been a progression to a regulated system of transport. We had an almost totally regulated system of transport in Western Australia and all commercial goods in the South West Land Division at some stage have been subject to a system of regulation.

We are now entering a period of deregulation of a number of products, particularly those associated with agriculture. To that end the transport of wool has been almost totally deregulated in Western Australia. We moved from a system where it was regulated onto rail in those areas where there was rail to a mixed system and then to total deregulation. We are moving quickly to a system where no wool will be carted by rail in Western Australia. The interesting thing is that a carter still needs a permit to cart wool and must go to the Transport Commission and pay for that permit. What a crazy system! There is no regulation saying that wool cannot be carted by road, but the carter must go to the Transport Commission and pay for a permit to do that.

Mr Pearce: That is the regulatory mechanism; a person cannot cart wool without a permit, that is the rule.

Mr HOUSE: Why do they need a permit?

Mr Pearce: When the rates changed people wanted to set up road train operations to bring wool up from Esperance. If there were no permit system people could have done that and damaged the roads, and we have to pay for that road damage.

Mr HOUSE: I will get to the matter of road damage in a moment. I will talk about the permit system first. A system exists in most of the State whereby wool carting is totally deregulated and people are not forced to use the rail system to cart it. However, it is still necessary to obtain a permit in order to cart it by road. The Minister for Transport has recently closed down the wool receival centre, so those people living in the central agricultural area cannot use the rail system.

Mr Pearce: Be fair; Westrail did that.

Mr HOUSE: Who administers Westrail?

Mr Pearce: I do.

Mr HOUSE: Yes; so the Minister did it.

Mr Pearce: I explained yesterday that although I am the Minister responsible for Westrail, it is my policy to let Westrail make its own commercial decisions, and to not for the most part interfere with those decisions.

Mr HOUSE: So the Minister is not taking any responsibility for that decision?

Mr Pearce: I was prepared to go along with it, but I was saying it was a decision made by Westrail on a commercial basis, and not a decision which I made willy nilly for some strange reason.

Mr HOUSE: If any other people can make sense of that double Dutch, after listening to this debate, or reading *Hansard*, I would be very pleased, but I cannot because I still think the Minister was responsible. However, even if the Minister was not responsible, and Westrail is, or vice versa -

Mr Pearce: I am not saying I was not responsible, but I did not make the decision. I accept the responsibility for it, but I did not make the decision.

Mr HOUSE: That does not change the point of the matter, which is that we still have in place a system which requires people to obtain a permit in order to cart their wool by road transport. The fact is that all we have in place is a taxing system; we are taxing road operators for carting that produce on the road system. We can argue about whether that should be the case, but I cannot see that it should be, because the other aspect of the matter - and the Minister raised this by way of interjection - is that he is using that system to provide money to pay for the wear and tear on the roads. The Minister is taxing people through a permit system, and then saying that the money will go back to roads.

Mr Pearce: That is half right, but the other half is the way in which regulation, or even deregulation, works. You are assuming that anyone can cart wool but before you can cart it you have to get a permit. The opposite is the truth; without a permit you cannot cart wool. So the granting or non-granting of a permit is the mechanism which decides whether you can cart wool by road, and there is then the taxing aspect.

Mr Minson: Yes Minister!

Mr Pearce: This is directed not at the member for Stirling but the member for Greenough. It will be very difficult in the Parliament if one cannot explain things because members opposite do not have the capacity to understand them. Do you want me to deal with things at the level at which decisions are made, or do you want me to draw pictures for you?

Mr HOUSE: I can understand very clearly what the Minister is saying. I just do not agree with it. That is the fundamental difference.

Mr Pearce: The member for Greenough cannot understand it. He approached me earlier, behind the Chair, about a matter. He drew me a picture about the matter.

Mr HOUSE: The Minister can have that argument with him behind the Chair. It has nothing to do with me. I am saying to the Minister that I understand clearly what he is saying and what he is doing; and I do not agree with that. That is the point of the matter, and to follow that point through, this Bill will allow a taxing system to be put into place and continue in an area where I do not think it should. The day has passed when we ought to have those sorts of permits applying, particularly to the carting of wool.

We can see in this year's Budget that the Main Roads Department has budgeted for a deficit of $5.5 million. I cannot see in the Budget where that money will come from. We see all of a sudden a Bill coming into the Parliament which, at first glance, looks rather innocuous. It does not appear to have any problems associated with it. However, if we look at it closely we can see quite clearly where the Main Roads Department will make up that $5.5 million; it will be made up by the permit system being prescribed in such a way that it will be an under-recovery tax. As long as I am in this Parliament, I will not agree that we ought to have an under-recovery tax on road transport, for the simple reason that the amount of money now being recovered from the people in the road transport industry is far and away above the amount of so called damage they do to roads, or the expenditure in the area of road maintenance.

Mr Troy: Absolute rubbish!

Mr HOUSE: That is the absolute truth.

Mr Troy: You are talking about freight handlers. You are absolutely wrong.

Mr HOUSE: Does the Minister know how much tax is paid on a litre of fuel?

Mr Troy: Yes, I do, and there is a very large shortfall there, even after all of that. Apply that to a semitrailer! I can quote you the figures even today.

Mr HOUSE: The truth of the matter is that almost half of the cost of a litre of fuel comprises tax. That tax goes into the general revenues of the State and Federal Governments. If that amount of money were applied to the building and maintenance of roads, there would be no need for a so called under-recovery tax. If the Minister wants to argue with that principle, let him do it, because it is correct.

Mr Troy: It is absolutely wrong.

Mr HOUSE: It is absolutely right, and I challenge the Minister for Labour to produce the figures. He can get to his feet next, and prove to this House that the money raised from the taxing of fuel, if it were spent on roads, would not build bigger and better roads than we now have. I challenge the Minister to do that because I assert he cannot.

We are seeing now in this Bill a situation where the Government is saying it will have an under-recovery tax because it does not want to apply - as should be applied - the tax on fuel to the maintenance and building of roads. We would not need this under-recovery tax if the Government were to do that.

Mr Pearce: You have misread the Bill. The clause which you are now arguing about has nothing to do with the raising of taxes; it has to do with the application of the tax. We can raise the permit fees now, and that is covered by other sections of the law. This will merely make it mandatory that the money - which is raised separately - is applied to the Main Roads Department to be used for roads, rather than going into the Consolidated Revenue Fund. This is not a mechanism for giving us an extra taxing capacity. It simply means that any money raised from roads must go to roads; and I would have thought the National Party would support that.

Mr HOUSE: The Minister has obviously listened carefully to what I have said, and I do not think I need go back over it to explain it to him. This Bill changes the situation from the Parliament making the decision to the decision being made by regulation. Is that correct?

Mr Pearce: It does overall, but it means that only one House of Parliament, rather than the two Houses, can make the decision, because there is, as the member knows, a mechanism called disallowance of regulations. The National Party has moved a motion in the upper House in respect of that. That means there will be a parliamentary review of anything that is done; but that entails the undergoing of a huge process in order to make a change; for example, just to keep up with inflation.

Mr HOUSE: I understand that, and we have said we will agree to certain things being allowed by regulation, and not others, because there are certain areas which ought to be debated in this Parliament when they are reviewed, and there are others which need not be.

The point with regard to permits has been made, and I believe very strongly that we now need to look at the whole system of permits for road transport. It is time for the transport authority, the transport industry and the Minister to put those matters on the table. I believe the Minister should establish a committee to consider this matter, and we can then ascertain the cost recovery aspect, which the Minister for Transport and the Minister for Labour raised by way of interjection. We will then be able to ascertain clearly whether the amount of money raised and spent on roads is in an equal balance, because I maintain it is not. If the Minister will agree to set up such a committee to look at the system, and to have the committee report to the Parliament within the next six months, we will then go a long way towards resolving this question. There is certainly a question in my mind, and in the minds of a lot of my constituents, about whether the permit system is in fact being applied as a tax. We will make further comment about these matters during the Committee stage of the Bill.

Sitting suspended from 1.00 to 2.30 pm

MR WIESE (Wagin) [2.30 pm]: I emphasise the point made by other speakers concerning permits, which are the crux of what we are talking about here this afternoon. The Minister did not seem to think the system of road transport could function without these licences or permits. I accept the point made very clearly by my leader that there needs to be some system of licensing. If complete deregulation were to be introduced, some areas of this State would receive little or no service. A system of licensing fees and permits is necessary to

ensure that the country areas, especially some of the more remote areas of this State, receive a service. Carriers are given a franchise to transport into those areas, so we accept it is necessary to have a system of permits or licence fees.

In the south west of the State the situation is very different. The transport of goods has been deregulated. My understanding of deregulation, and I am sure that of all members, is that the need for permits and licences is done away with. In the south west of this State we have what is called a system of deregulation, but in order to function as a transport operator in this deregulated system permits are necessary. That sounds contradictory and farcical, but that is what we mean when we talk about doing away with permits and licences in the south west. Transport into the Hyden area has been deregulated, and that is terrific; but no-one can operate into that area without a permit. It is great to make noises in public and say, "We have now deregulated the cartage of wool in Western Australia," but nobody can carry any of that wool without a permit. It is not deregulation at all. That permit only gives the operator permission to operate in that deregulated system. The fee paid for that permit is, I presume, to pay the wages and the cost of employing inspectors to see that operators have permits to cart in the deregulated system. The situation is absolutely farcical, and it is time it was brought to a close.

Before I sit down I want to touch on the matter of under recovery. This under recovery to which the Minister referred in his second reading speech, and which we know has been incorporated into the issuing of licences for the cartage of fuel, is a de facto road maintenance tax. It is a taxation measure, not a licensing fee, and for that reason it should be covered by a Bill brought before Parliament. That under recovery is not a permit or a licence fee, it is a tax, and it is time that fact was well and truly spelt out and treated as such. We should not try to kid ourselves and those operators who will be paying it that they are paying a licence fee. They are not paying a licence fee; they are paying a tax. This measure should be brought before the Parliament for approval. If we are going to have to wear this deregulation and this under recovery tax, I hope that measure will be brought before the Parliament.

We are adamantly opposed to the requirement for permits in the south west of the State. The move towards deregulation has been needed for some time. Transport operators in this State have been crying out for it for a long time. Westrail wanted to allow some of these goods to be regulated because Westrail no longer wants to be lumbered with the responsibility of having to carry those goods. We have moved down the path towards deregulation, there is no need for the permits, and the permits, the licences and the fees attached to them should be abolished.

I hope we can get some acknowledgment from the Minister of the points the National Party members have made and that we can continue our remarks in the Committee stage of the debate.

MR PEARCE (Armadale - Minister for Transport) [2.41 pm]: I appreciate the support of members for this Bill but I must admit it reminds me of an occasion in Opposition when my colleagues and I supported legislation on off road vehicles until 4.00 am on two successive mornings. The support of the Opposition was overwhelming on that occasion, and I have been similarly overwhelmed today.

Mr House: We have not reached the Committee stage yet. You might be overwhelmed then.

Mr PEARCE: I understand that. The matters of issue boil down to two. Firstly, the question of permits generally, although my understanding is that the changes to the permit system made in this Bill are not opposed by the National Party - in fact they are supported by the National Party - but the National Party took the opportunity to raise the whole question of the deregulation of the carriage of commodities on Western Australian roads. Let me explain this clearly to members of the House: We have a regulated transport system in Western Australia. It is less regulated than it was in that a growing number of commodities can be carried by a variety of transport modes instead of what used to be the situation where a very large number of commodities was specifically regulated to a single transport mode, often rail. In the last few years, mostly in the time of the Labor Government, there have been a number of deregulatory inquiries which have -

Mr Fred Tubby: Who commenced the deregulation?

Mr PEARCE: It depends on what the member means by "commenced". The process of having a review of transport policy, particularly in the south west, was started by the Liberal Minister for Transport, Hon Cyril Rushton, the friend of both the member for Roleystone and myself. The trouble with Cyril was that although he had many reports and reviews, he never actually achieved anything in the deregulatory area in the many years he held the transport portfolio. There were not any significant advances in actual deregulation -

Mr Shave: Stop mudslinging.

Mr PEARCE: What is the member for Melville doing here? It is not even closing time.

Mr Shave: I always have a problem with people like you.

Mr PEARCE: I can see that. The member for Melville has a problem with many people. That has been demonstrated in his short time in this House. The member for Roleystone and I were having a quiet, casual chat about the origins of transport policy in this State. I am not mudslinging at Mr Rushton, who has been a personal friend of mine for many years -

Mr Shave: Be nice to him.

Mr PEARCE: I am just stating the fact that he was not able to make any significant achievement in deregulation during the time he was the Minister for Transport. I think he would have liked to see things move a little faster in that area. It may be that he did not have the support of his colleagues. I do not know. All I know is that, as a matter of historical fact, there was no significant move in the deregulating area until Hon Julian Grill became the Minister for Transport.

Mr Lewis: Are you angry again? Your arms are crossed. You are all uptight.

Mr PEARCE: I am not angry at all. Gee whiz, look at the member for Applecross. If anyone is going to talk about body language, the member for Applecross is the only illiterate in body language I have ever struck.

Mr Kierath: You obviously do not look in the mirror.

Several members interjected.

Mr PEARCE: There are people who think that the proper posture for the member for Applecross is swinging from a tree. I have to say that, after that little fracas in the Parliament yesterday afternoon, a number of Labor Party members approached me and berated me for my behaviour then, pointing out that I had made comments which could have been seen as defamatory of orang-outangs. One of my members said he had come across an orang-outang in a zoo in Indonesia and it seemed quite an intelligent animal. Perhaps I am not as well informed about these matters as I might be. If folding my arms is unfortunately offensive to the member for Applecross, I am prepared to try a different posture.

Mr Lewis: You have been uptight for weeks.

Mr Kierath: It is because his leadership ambitions have been frustrated.

The SPEAKER: Order! I have a sneaking suspicion what the Leader of the House has to say is particularly interesting and informative and might indeed to some members be surprisingly close to funny. However, I have some difficulty in hearing it personally and I know the Hansard reporter, who is right next to him, is having some difficulty too, so perhaps members could give the Leader of the House the opportunity to say something.

Mr PEARCE: Mr Speaker, I think you and I, the Hansard reporter and the National Party are the only people who want me to discuss this Bill, so perhaps I will return to it.

The position with regard to the regulation of transport in this State is as follows: We have a regulated transport industry in this State. There has been in many commodity areas and geographical areas a degree of deregulation. That is to say, a greater range of choice is available to consumers. However, the regulatory mechanism - that is, the issue of permits - still prevails over the State. The process of deregulation means that one can now get permits for the carriage of certain commodities in certain areas that one previously could not get. We cannot do away with the permit system without doing away with regulation. To have a totally deregulated transport system in this State is not something I have heard people arguing for before because the net result of it is likely to be a significant increase in costs to people in the more remote and isolated areas. The Leader of the National Party said much

the same thing in his own speech. The demography of our State requires a degree of regulation. However, in the deregulatory process I would be the first to admit - I will not be the first in this debate because a number of National Party members have made the point - that we have reached a bit of a hotchpotch arrangement with regard to permits -

Mr Lewis: You have mucked it up.

Mr PEARCE: It is not a question of mucking it up or not mucking it up. It is just a question of steps that are taken. As more areas are made available for individual permits, we reach a point where the bureaucracy involved in having to seek a permit is so great that we ought to have a more ongoing process. That is, people ought not to seek a permit for every single trip at a stage where a level of deregulation has been reached. Most members would agree with that. That is precisely what this Bill seeks to do, particularly with regard to the north west. At the moment a number of truck operators have to get a permit for every trip they make. One of the significant moves of this Bill is to make annual licences available to those people. In fact the annual licences made available to some of them will be somewhat cheaper than the accumulated number of permits they would have to get under the current arrangements. However, because people's transport patterns are different, and individual truck operators make more or fewer trips, we have left in the Bill the option of still getting an individual permit. For some people who make a small number of trips it will be cheaper to go for the individual permit than to get an annual or half yearly licence.

The Government has left the options open while we try to move to a more rational system in the absolute. When the deregulatory process is over, and we have finished all the deregulatory reviews, we may be in a position to have a more simplified and less bureaucratic approach to all of those things. Members should tread warily in that regard because sometimes it requires only a single decision about a permit to change the whole transport pattern of an area. One thing we discussed yesterday was wool cartage from Esperance. I put together the land freight steering committee to look at the proposal of road trains taking wool from Esperance. That would have changed the whole pattern of movement of wool throughout the great southern and a good part of the south west. That is, if one pulls out one can from the pile in the supermarket, the whole thing will come tumbling down. I had a similar experience when I was approached by people in Morawa to, under a special set of circumstances, protect one job in that town. To do that I changed the pattern of distribution of fuel and allowed fuel to be imported from Geraldton into Morawa, which fell into an area regulated by rail. As a result of that decision to protect one job, the whole pattern of fuel distribution over the northern area looked like it would have to change because people then sought to import fuel from the port rather than from rail, and different fuel agents saw themselves advantaged or disadvantaged by that arrangement. In the end I had to cancel the approval I gave on compassionate grounds in the first place. Because we have such a regulated system those arrangements might appear illogical when one takes it all together because of some of the strange and arbitrary decisions which make up this patchwork. To try to change one of them and apply that as a principle in some kind of consistent way across the State can produce an entirely different pattern.

Mr Lewis: Are you making all this up as you go along, as you usually do?

Mr PEARCE: It is true. The reason I think that the National Party has basically carried this debate and not the side of the member for Applecross is because it is a matter of great importance to them and the people who work and produce wealth in their electorates. It is a matter of great importance to the Government. Instead of the member for Applecross demeaning the whole process he should go outside, have a cup of coffee and let the members who want to discuss this matter do so in a serious way. The issues we are talking about are fundamental to the economy of Western Australia because they are the means by which most of the wealth produced in Western Australia is moved around the State, and are the means by which many people in this State have the necessities of everyday life delivered to them. That is why other members, apart from the member for Applecross, are taking this debate seriously.

Having said all that and addressed the general issue raised by the National Party I want to say two things about the specific issue the National Party raised - and which I understand it is proposing to challenge in the Committee stage - and that is the question of whether this Bill is to reinstate the road maintenance tax or to set up a taxation mechanism for under recovery.

Simply, that is not the reason as no new taxing power is given to the Minister for Transport or to the Government under this Bill. There are changes in terms of permits and annual licences in the north west. The second thing is that it seeks to limit the use of funds raised through taxes as I made clear in my second reading speech. Last year a decision was made to deregister the carriage of bulk fuel in certain areas to try to make a slightly more rational economic situation with the delivery by road. Delivery of bulk fuel by road is not too logical, but we allowed a small measure of that bulk fuel to be transported by road. At the same time that decision was made a small additional charge was included to be put back into roads, but that was nothing like paying for the road damage caused by deregulation. This was a small fee, but the principle was that the transfer from rail to road would result in road damage, so the cost should be added. There was no mechanism in the Act for the additional money to be given directly to the Main Roads Department, although we believe that the money for roads should be paid to the Main Roads Department. The way the Act was worded - we have received advice on this - is that we cannot do so because it is outside the ambit of the Act although it can be put into Consolidated Revenue and by some mechanism pulled out and a CRF grant directed to the Main Roads Department. This would meet the expressed wishes of the National Party that this money should be paying for roads.

Mr Cowan: We are saying that it should not be raised.

Mr PEARCE: I am saying that the power to raise that is already in the Act. The amendment before the Parliament states that if the Government raises the money in this way, it should pay the money into the Main Roads Department trust fund; that is the money raised in the circumstances of deregulation of bulk fuel. Instead of that, we have to put the money into Consolidated Revenue.

Mr House: How much are you talking about? In the case of bulk fuel it would be minuscule.

Mr PEARCE: At the moment the only recovery is with bulk fuel.

Mr House: It would not be very much; maybe $3 000 or $4 000.

Mr PEARCE: Yes.

Mr House: So there would be no point in threatening us about taking this out of the Bill because it is the principle that is important, not the $3 000.

Mr PEARCE: It will make relatively little difference to the Government if that provision is defeated and we have $3 000 or $4 000 less for roads. The principle of applying it to roads is the right one. Furthermore, as I outlined in my second reading speech, the environment we are looking at is the deregulation of other items from rail to road and we may want to consider additional charges for deregulated commodities for road damage.

Mr Kierath: That is a different circumstance.

Mr PEARCE: We are not talking about the general road maintenance tax; we are looking at the circumstances where a commodity is carried by rail and deregulated to road and a fee is set for the damage to that road. That is what is happening with bulk fuel, but no decision has been made although it conceivably could apply in other circumstances. It was intended that the amount of money raised - be it small or large - should be applied to roads, but we were advised that the precise wording of the current Act did not allow that to occur. Therefore, I am seeking the approval of the Parliament to allow that money to be given to the Main Roads Department trust fund.

Mr Kierath: In your second reading speech you specifically referred to road cost recovery.

Mr PEARCE: I referred to it in the context of bulk fuel deregulation and it is in relation to the commodities that we are deregulating.

I say to the House that I am confident that we will get the Bill passed through the House, although I am not so confident about another place. If the Liberal Party and the National Party combined wanted to prevent the Government giving the money raised to the Main Roads Department, it is up to them and the money will come into Consolidated Revenue.

Mr House: Can you explain how you make up the $5.5 million deficit of the Main Roads Department? Where was that to come from?

Mr Shave: Increases in tax; it is simple.

Mr PEARCE: That is not the case. I do not carry in my head the information to enable me to answer that directly. I think I know the answer although it is unrelated to what we are discussing.

Mr House: You cannot blame us for being a little suspicious about this Bill providing the answer. You could put the cost of permits up.

Mr PEARCE: We could put the cost of permits up now without requiring any change in the legislation.

Mr House: If we agreed to this Bill - we agree to the principles stated in the Minister's second reading speech - we would be giving a tacit approval of under recovery. The Minister knows as well as I do that that is an indication to the Parliament that that is the case because the principles in the second reading speech are applicable.

Mr PEARCE: The Government already has the power to raise money in the form of permit fees and does not require a change in the legislation to do that. We do not propose to raise $5.5 million in the form of permit fees. In my second reading speech I was careful to lay out the changes and the proposed figures that would be advanced if the Bill was passed to give people an idea of what we are dealing with.

Mr Kierath: You said in your second reading speech that you would know more in the future about road cost recovery.

Mr PEARCE: It will be an issue of deregulation, and the necessary measures.

Mr Kierath: That is what we are concerned about.

Mr PEARCE: A range of products are being looked at for deregulation. Superphosphate will be of interest to a great many people, and I am not in favour of deregulation for that.

Mr House: I bet the Minister has not used a Clark shovel for a while because some of the sidings use them to unload.

Mr PEARCE: We need a Clark shovel in here at times.

Those are the kinds of commodities that could enter this debate. A number are being considered for deregulation. If it were recommended that bagged superphosphate be deregulated to road, and the Government has agreed to that, it would likely be on the basis that there was an additional charge to compensate for the extra road damage from that deregulation. The Government never hid from that and enunciated that in general terms with bulk fuel deregulation, and has continued to do so. That was done last year without any change to the legislation. We do not require a change in the legislation to do that.

Mr Wiese: Minister, if Westrail refused to cart bagged superphosphate or wool, would you refuse a permit to anybody who wished to cart that?

Mr PEARCE: That is a hypothetical question.

Mr Wiese: Not if you are trying to get the wool or the superphosphate carted.

Mr PEARCE: They will be able to get it carted on road or rail. The permit system is an element of road cost recovery for road damage. All that can be done. What we are discussing in this Parliament today is when the Government does that, if it does it, is the money raised to be credited to the Consolidated Revenue Fund where the Government can use it for any purpose or is it to be credited to the Main Roads Department trust fund where it can be used for roads only. The Government is of the opinion that it should be credited to the Main Roads Department trust fund.

My understanding is that the $5 million difference actually comes from the fact that when we put the program for the Main Roads Department together it was based on the proposal that a $20 reduction in licence fees would apply from September. However, it was administratively impossible to set that in place and the net result is that the reduction will apply from 1 January next year. As a result of the transfer in funds to compensate for the loss of income on licence fees we finished up with a $5 million difference. It comes down to bookkeeping arrangements and the program of the Main Roads Department would be met at that level. The Government is not proposing to raise an additional $5 million, or any sum, by unannounced increases in permit fees. There is nothing in this Bill which would lead people to believe that there is such a proposal. All we are asking is that the Government be given the capacity to transfer the permit fees to the Main Roads Department.

Question put and passed.

Bill read a second time.

Committee

The Deputy Chairman of Committees (Mr Donovan) in the Chair; Mr Pearce (Minister for Transport) in charge of the Bill.

Clauses 1 to 3 put and passed.

Clause 4: Section 21 amended -

Mr COWAN: This clause seeks to repeal section 21(1) of the principal Act and substitute the subclause the Committee is now debating. This clause will be the facility which will be used by this Government to transfer the licence fees charged by the Department of Transport. We must be sure not to confuse those fees with motor vehicle licence fees which are charged by the Police Department: They are two separate licences. In this case the licence fees that must be paid to the Department of Transport for the right to transport certain commodities is paid to that department. It is those licence fees and the permits that are associated with them in relation to commercial goods vehicles with which the National Party has great concern.

This clause also deals with other licences, for example, omnibuses and, from memory, aircraft and shipping. The National Party is concerned only about the part of the clause that relates to commercial goods vehicle licences. My party's objection has been quite clearly enunciated by my colleagues. The National Party will not, in any shape or form, support the concept of an under recovery tax on large commercial vehicles. The Government will use the Department of Transport licensing and permit system to apply an under recovery tax. It will still be, as the Minister rightly said, a Department of Transport licence fee and it will still be a permit fee, albeit it will now be prescribed by regulation. It will not be the same amount, but it will be the same licence or the same fee.

If this Bill is to be successful those fees, or any part of them, can be transferred to the Main Roads Department trust fund. The National Party has no objection to that fund receiving moneys for the purpose of road maintenance and construction. However, it does have a great deal of objection to where those funds go. In this case, the National Party's argument, in principle, is that it does not accept an under recovery tax. It does not accept the way in which it can be applied through the system of the Department of Transport licence or permit fees. That is really what has happened. It has been acknowledged that with the transportation of bulk fuel there is already, through the Department of Transport's licensing and permit system, the application of an under recovery tax. It is a very small amount and there are two reasons for that: First, very little of the fuel transported in Western Australia is transported by road in those areas normally regulated to rail. Second, the actual rate of the permit fee is based on the volume of the product transported which is, I think, less than 1¢ per litre. It is not a large sum, but nevertheless the principle applies.

I make it clear to the Government that under no circumstances will the National Party support any legislation which makes it more simple for the Government to apply an under recovery tax, notwithstanding the fact that it is really being done under mechanisms which already exist. In other words, the Department of Transport is already able to charge licence or permit fees. At the moment those fees go immediately into Consolidated Revenue. All that is being proposed in other clauses of this Bill is that those fees be paid into the Main Roads Department trust fund. My party has no argument with the payment of money into that fund, but its major argument is with the use of licences and permit fees as a means of extracting an under recovery tax.

In order to make the extent of the National Party's objection to the clause as clear as possible, I propose to move an amendment to delete paragraph (b) of this clause. This would allow the Department of Transport to maintain its licensing and permit provisions, but it would prevent the department from demanding any licence or permit fees for commercial goods vehicles.

The National Party has no objection to the department prescribing fees in other areas. We have no objection to that perhaps because our interest has not been sufficient to investigate fully those particular aspects of the licensing and permit system which relate to omnibuses, aircraft, or matters of that nature.

No-one has made representations to us complaining bitterly about that. However, many road transporters in the commercial goods section have indicated to us that the vehicle licensing and permit system enforced by the Department of Transport has reached a stage where it is quite ludicrous. As we move towards deregulation in relation to land transport particularly it is felt that in many instances a general review of the licensing and permit system needs to be applied by the Department of Transport. In fact, operators regard it now as a revenue raising system and nothing else. There is no question that it incorporates a provision which enables order to be maintained within the transport system. We mentioned that during the second reading debate. There are many places in country Western Australia that do not generate the volume of goods to be transported which allows for open competition. In order to ensure a regular transport service, the Department of Transport operates on a franchise basis. In other words, people can apply for a licence to transport goods to an area and that application is granted, or they can apply for an extensive licence, but the Department of Transport grants that licence with endorsements which restrict the areas to which that company can transport goods.

In applying that restriction it also ensures that other companies are excluded so that a guaranteed volume of traffic can be given to the company; in other words, it is allowed to have a profitable operation. However, it is very clear that that system may be outdated. As my colleague, the member for Wagin, has said, if one wants to introduce an under recovery tax let us have a Bill to establish that tax and deal with it as a special taxing measure; let us not have an under recovery tax imposed upon transport operators in Western Australia through the mechanism of licensing and permit fees charged by the Department of Transport and then place it in the Main Roads Department trust fund. I do not think that anyone can accept an additional tax. I will put it another way: It will not be an additional tax in itself, it will be an additional amount of money charged by the Department of Transport under the traditional systems by which it can impose a cost upon transporters' licensing and permit fees and then say that that is the Government's way of applying an under recovery tax. I think we have to be more open about that matter and debate that question alone. I would much prefer to see the Government introduce legislation which accepts and acknowledges that such an impost is a tax upon transport operators and call it such a tax. I move -

Page 2, lines 25 to 31 - To delete paragraph (b).

Mr PEARCE: I will explain to the Leader of the National Party the effect of what he is seeking to do. At the moment there is a maximum fee that can be charged for annual licences based on the weight of the truck. Under current legislation the maximum amount is $2 per 50 kilograms. What the Minister can do is determine an annual licence fee that comes up to that maximum but not beyond it. Over the years, because of inflation, that has become an unrealistic figure. That is demonstrated by what has happened in the north west, where the road transport industry approached the Government to change the individual trip permit fee to an annual licence arrangement. We looked at the matter and discovered we could not charge a reasonable annual licence fee to make up for an average number of permits because the maximum amount appearing in the Act was too low.

In order to keep up with inflation the Department of Transport has been working on an individual permit basis instead of the more rational basis of issuing an annual licence. That raises the question of whether there is to be a move away from permits to annual licences, whether there has to be a mechanism for revitalising the maximum fee and whether that is required to be done on an annual basis. What the Leader of the National Party is asking us to do is make sure that for these classes of vehicles the maximum fee is revised every year. That would mean that every year we would have to come to the Parliament to increase the fee from $2 to $2.25 or $2.50. That is the effect of the amendment moved by the Leader of the National Party; it will remove from the Act the capacity to determine the maximum amount by regulation. All the Leader of the National Party is seeking to do is remove flexibility in relation to the maximum charge.

Two things can follow from that: The first is that we would have to change the tax amount every year and it would be much more likely that we would continue to give annual permits where we could review the charge without coming back to the Parliament. That is what happened in the north west. That is what the road transport industry does not want. I can tell the Leader of the National Party that the Road Transport Association and representatives of owners and drivers have been consulted about this proposal to change the maximum by

regulation and they have agreed to it. That is the approach that they want because they see the benefit of moving more to an annual licence rather than having individual permit fees. What has happened here is that the National Party has taken a reference to under recovery in the second reading speech and built up an opposition to parts of the Bill before the Chamber. The Bill does not deal with under recovery, that is a simple fact.

Mr Kierath: And it does not relate to under recovery, at all?

Mr PEARCE: The Bill gives no power to raise fees for under recovery.

Mr Kierath: And does it relate to it in any way?

Mr PEARCE: Only in the sense that money that has been raised for a particular mechanism already for under recovery in the case of bulk fuel would allow that money to be credited to the Main Roads Department trust fund. That is the only reference in this Bill to under recovery and that is an indirect one. If the National Party wants to express its opposition to under recovery that is fine and I understand its position. However, what it will do if it is successful in defeating this provision is ensure that the day to day operations of trucking firms will require a much greater reliance on permits, and our capacity to issue annual licences will be restricted. The road transport industry will not thank us for that; they will simply ensure that the Parliament's time is taken up every year with an argument about what the maximum fee should be.

Mr COWAN: I will now explain to the Minister precisely what we are setting out to do. The Minister is wrong in assuming that transport operators would be ungrateful for this measure. If he examines the amendment he will find that the Department of Transport can still maintain its licensing provisions; it can still maintain its permit system, but it is not allowed to charge a fee for that. In other words, the Department of Transport still has the powers to regulate transport in Western Australia; but it cannot charge a licence fee or permit fee to road transport operators. That is the consequence of this amendment. I can assure the Minister that rather than being strongly opposed to the measure we seek to introduce, transport operators in Western Australia would be ecstatic about it because they find the present system archaic.

I thought I had acknowledged earlier that this is what the Minister means: If we retain the current provisions, that would meet with the approval of the transport operators. But in this case we are going further. We are saying that rather than allow the Minister to set the fees and charges by regulation, they cannot be set at all. The Minister can require the transport operators to apply for a licence or a permit, and the Minister can grant or refuse that licence or permit, but he cannot charge a fee. It appears to us that by allowing funds to be placed in the main roads trust fund, the Minister is setting up an opportunity for this Government - in fact any Government - to go to the people of Western Australia and say, "We are increasing licence and permit fees charged by the Department of Transport and paid directly into the main roads trust fund purely and simply because we do not think enough of a contribution is made by heavy hauliers. We will put that money back into the roads and we will take a bit more." We are saying that the Minister will not take any at all.

It is one thing to say that that will be detrimental to the road system but, as the Act stands, all the money goes into Consolidated Revenue and none comes back to the Main Roads Department for road making purposes. That is the problem the Minister had with the transport of petroleum products. He could apply that tax through the permit and licence system, but he could not transfer funds collected directly to the main roads trust fund; it had to be applied to Consolidated Revenue.

We agree it is not a bad idea to put more money into the main roads trust fund, but it is not a good idea to collect that money through the licensing and permit system which operates at the moment. As a consequence we are suggesting that the House accepts that no fees be paid for licences and permits. The licences and permits would still have to be granted, but as a revenue source for the Government that system will end. We are talking about maintaining the regulatory mechanism which allows the Department of Transport to control the land transport system in Western Australia, but no longer can it be regarded as a taxing measure. I recommend members support the amendment.

Mr PEARCE: The National Party must think the Government came down in the last shower. If the Opposition were successful in removing completely the capacity to charge any fee for

annual licences or permits for trucks, the Government would not proceed with the legislation but would go back to the old legislation where that power already exists. The approaches over these matters were made by the road transport industry, and the legislation has been drawn up at the request of the road transport industry to rationalise some of the practices which apply and which I discussed previously. If the National Party wants to force the Government into going back to the old Act and not having any of these things dealt with -

Mr Cowan: We are not saying we should go back to the old Act.

Mr PEARCE: That is what would happen. On the one hand the National Party says we must spend more money, and all the time it is threatening the source of revenue.

Mr Fred Tubby: There has been no significant increase in spending on roads.

Mr PEARCE: The member has not seen the correspondence between the Government and the National Party which explains those matters in detail.

Mr Fred Tubby: I wish you would pass it on to us.

Mr PEARCE: The Opposition has no responsibility, and that is one of the delights of being in Opposition. Members opposite can advocate all sorts of things and suggest having no taxation. It is easy to say such things in Opposition, but not so easy to do them in Government. The Government does not propose to accept this amendment. In the event of the Legislative Council, amending this legislation in such a way as to remove the capacity to raise annual licensing charges for road transport vehicles at all, the Government would not persist with this legislation but would go back to the old Act.

Mr HOUSE: I have listened with great interest to what the Minister has said, but a couple of points must be made very clear. We are not talking in absolute terms about the total amount of money expended on roads. The key issue is the permit system - the ability and the need for the Government to raise revenue through the permit system. One example concerns the Ravensthorpe Shire. If one wants wool carted to Perth by a particular transporter, there are two choices. It can either be sent by road, or one can cart it oneself. If a contractor is used, that contractor has two options. He can either pay $2.68 per tonne for each load of wool he carts, or he can pay an annual fee of $690. Heaven alone knows how we arrived at $690, but that is what was arrived at. I do not know how the figure of $2.68 per tonne was arrived at either.

This permit system has reached a ridiculous stage. There is no ability for anybody to sit down and discern how these amounts were arrived at. It is unsatisfactory to the people who transport the products and to those who need to use their services. The whole system needs a complete review, and that needs to be done soon. It is time the Minister accepted the point we make and gave an undertaking to set up a committee to review the permit system. That committee should report back to this Parliament or to the Minister very soon.

Mr KIERATH: We support the National Party in this amendment, and we are very pleased to do so. We agree with the National Party on several things. In his second reading speech the Minister alluded to charging an under recovery fee for road damage in fuel transport permits. He suggested that extra money should be paid because road transport results in under recovery for road damage. We have constantly rejected this on the basis that if all revenue is taken into account, we are over recovering. The transport of fuel is so limited that it is not effective.

Clause 4(1)(b) will remove the fee but will not remove the permit. The Minister said that this would stop the money from being transferred to the main roads trust fund. My understanding is that that is covered by clause 9(a)(ii), where it refers to paragraph (e) in section 62. Deleting that clause would not stop the money from being transferred at all; it would stop the collection of the fee.

Mr Pearce: What you are saying is that you cannot collect any money, but any money you do not collect you can transfer to the Main Roads Department.

Mr KIERATH: The Minister said if we deleted that clause it would prevent the money being transferred across. That is untrue. The ability to transfer any moneys across still exists. One cannot relate that to the removal of this clause.

Mr Pearce: You should have stayed out of this debate and left it to people who know what they are talking about.

Mr KIERATH: Well, I do. I will now refer to the Minister's second reading speech, which I think is marvellous. At least, it is "marvellous" in a sarcastic sense. The second reading speech reads as follows -

> The third amendment in this Bill relates to road cost recovery . . .

Those were the Minister's words. I asked the Minister the question before, which he denied because he was attempting to distance himself from the words "road cost recovery", and yet the third amendment in this Bill relates to road cost recovery. The second reading speech continues as follows -

> - a term which members will know, and will no doubt come to hear more and more in the future.

That is the great fear of members on this side - that we will hear more of this in future. The second reading speech continues -

> A situation has arisen in which, as a result of a relaxation of the Government's bulk fuel policy -

I suppose one could call that deregulation, but it says here "relaxation"; the second reading speech continues -

> - road transport of bulk fuel to certain areas is now allowed. These additional trucks on the road are causing greater wear and tear on the road network.

This is one of the problems the Opposition has. It does not agree with the Minister's line of logic and reasoning, which I think has been distorted somewhere along the line. The Opposition is opposed to the Minister's line of logic and reasoning. The Opposition is worried that if it goes along with this measure the Government will dangle it in front of our eyes for ever and a day and say, "You mob over there have agreed to road cost recovery." That is what we are worried about. The second reading speech continues as follows -

> The Government feels it appropriate and justified that part of the transport licence and permit fee collected by the Department of Transport should be directed to the Main Roads Department to help compensate for the additional road damage these trucks are causing.

If it did not say, "to help compensate for the additional road damage these trucks are causing" the Opposition would have supported that part of the Minister's second reading speech. To continue -

> This amendment will permit the transfer of such funds, which at present cannot be done due to the wording of the Act.

As I said, the Opposition has no objection to transferring money to the Main Roads Department for the maintenance of roads. However the Opposition objects to the principle, which the Minister mentioned in his second reading speech, that the third amendment in this Bill relates to road cost recovery.

Mr PEARCE: This debate, with the intervention of the member for Riverton went from the bizarre to the ridiculous. As I understood the member, he said that he has no objection to the Government transferring collected moneys to the Main Roads Department trust fund, he just objects to the Government collecting the money in the first place. The net result of that would be that there would be no money to transfer.

I just want to make this position perfectly clear to the House. The Government is trying to do what the Deputy Leader of the National Party asked it to do - that is, to get a more rational arrangement for the transport of commodities around the State by road, which relies more on annual licences at a reasonable rate than on people having to get individual trip permits. That has been much more of a feature in the past and the Government is trying to move to exactly the kind of system the Deputy Leader of the National Party wants. One of the difficulties in doing that is that because the maximum licence fee is set by the legislation at $2 per 50 kilograms, which I mentioned, individual permit fees have now reached a value where we cannot charge an annual licence fee which is anywhere near the level already being charged for the individual permit. That is, the fundraising through the annual licensing has fallen behind because of the erosion of the value of $2 over time. There are two ways to deal with that: Firstly, we can do what the Government proposes and set the maximum by

regulation and then amend the maximum as is necessary by regulation; secondly, the alternative is to change the maximum by legislation, and what the Government proposes is that the maximum ought to be changed by regulation disallowable by either House of Parliament. That means that we do not have to do what really is only a keeping up with inflation exercise, and it does not have to be done by the Parliament every time. That is what we are seeking to do in the clause the Leader of the National Party is seeking to delete. The Leader of the National Party is saying, "We want to take the opportunity from the fact that you brought this technical matter before the House to remove all the fees altogether."

Mr Wiese: It is a bit more than a technical matter.

Mr PEARCE: It is just the process by which the maximum has been set. The Government is proposing that we shift from the process of legislating for increases in the maximum to the process of setting the increase for maximum by regulation. The Leader of the National Party is saying, "Well, since you have brought this matter before the House, we want to raise an entirely different matter - viz, we do not think there should be any fees at all." I am sure that will be appealing to the member's constituents and maybe to some of the interests for which the National Party purports to stand, but it is not realistic. Everyone understands that is the case. It is not realistic to the extent that if that happens to the legislation the Government will just go back to the old Act. If the Government goes back to the old Act, because the level of maximum fee chargeable for annual licences is now so low - because it is a while since it was amended - we will have to rely more on individual trip permits and less on annual licences. That means that the truck operators, for whom the National Party is standing up in this place, instead of getting annual licences, will have to get individual trip permits. I will be sending them letters saying, "You are getting this courtesy of the National Party and the Liberal Party." I will put a sign up in the Department of Transport reading, "We are sorry that so many of you have to come in to seek individual trip permits. The reason for that is that the National Party and the Liberal Party refuse to allow the Government to make proper changes to the Act, which would have given you annual licences." I leave it to members opposite to decide whether that is what they want to do. That is what we are proposing and it is not different from the principles enunciated by the Deputy Leader of the National Party.

I do not mind fun point scoring on a Thursday afternoon, if that is what the National Party wants to do, but I hope that members will take a serious look at their responsibilities with regard to this. Although it is nice to make the political points, the interests of the road transport industry are served by this legislation, which was put forward to this Chamber at the request of the road transport industry.

Mr WIESE: I am the learning member on the National Party team. I am finding it fairly hard to learn under the present Minister, but let me see what I have learnt up to date. I have been told that the Minister is trying to introduce a rational system of regulation, and that rational system of regulation is one by which we deregulate transport in a particular commodity - let us say wool - and then we regulate it by licensing it. Quite frankly I fail to see that as being rational, but obviously I have not quite grasped the lesson the Minister is trying to give to me.

Mr Pearce: I am pleased you have realised that at least.

Mr WIESE: I freely admit I have not yet got the message the Minister is trying to give me. The second thing I am trying to come to grips with is that the Minister is telling the Chamber that the National Party attitude is not realistic and that all those road transport operators out there will crucify us. He said he would stick a sign up in the window at the office of the Department of Transport in Nedlands which would say, "You are paying this fee courtesy of the National Party." I do not think the Minister is giving those road transport operators much credit for intelligence. I think they are probably a bit more intelligent than that. The road transport operators will know by the end of the day that the National Party has introduced into this Chamber an amendment that would do away with transport licences and fees altogether. The Minister is now trying to persuade them that the National Party is responsible for those people paying a little more money. I think the Minister would be fairly hard put to persuade those people that is actually the case, because the real situation is that the National Party, by moving this amendment, is endeavouring to remove the need for licence fees altogether from the system. The National Party is endeavouring to instal a

realistic and rational system in this country whereby the transport of a particular item is deregulated and licensing is done away with altogether for that particular item in that particular region.

Mr Pearce: That is not what your amendment does. You have not read it.

Mr WIESE: I think by the time the National Party has finished with this process that may well be what will happen. The present system is absolutely irrational. I know it, the Minister knows it, all the people out there operating under it know it also, and the Minister is trying to defend it. During his reply to the second reading debate the Minister said that what we have now is a "hotch potch arrangement". That was absolutely right. In this State we have a hotch potch arrangement of permits in road transport. Operators in the south west corner know that permits are unnecessary and should be done away with. The only people who benefit from the present system are the people working with the Transport Board who are provided with a pay packet and a car to enforce the ridiculous situation admitted by the Minister. The Minister said that the bureaucracy was complicated at the moment, and he is correct. When a person wants to take a load of goods through to market, he must ring up to get a permit for deregulated goods, and some time later he is given a permit by telephone. He then goes to cart his goods. There are no arguments about the granting of permits. It is always accepted that he will receive the permit as nobody else could cart the goods because Westrail does not operate in the area and the only way to move them is by road. Nevertheless that person rings up for a permit and receives one. He sets off down the road, and the chances are that he will be pulled over. There are little men in little cars out in the bush whose job it is to ensure that these drivers have obtained permits. My leader is continuing my education, as it has been a while since those little men pulled me up. My leader assures me that the first words that come from their lips are, "Hello, I've got you again."

Mr Pearce: Does that mean that members of the National Party are law breakers on a continual basis.

Mr Cowan: Only when the law is an ass.

Mr WIESE: That is continuing to impact on those operators; it is an absolutely farcical system.

The amendment proposed by the National Party is a worthwhile one, and it will lead to a vast improvement in the transport system in the community. It will reduce the bureaucracy and the cost to everybody in the industry. It amazes me that the Minister is trying to tell the Chamber that he will be saving all these transport operators a great deal of money; he claims that the cost to operators who travel regularly to the north west will drop from $5 000 to something around $2 500. I look at the Budget and the only figure I can see that relates to this Bill is the contribution that comes from the Transport Trust Fund which is to increase from $3.7 million to $6.5 million. Where will this vast increase of funds come from? We have not been told. On the one hand the Minister is trying to tell us that he will save the operator a great deal of money, but on the other he is telling us that he is altering this Act so he can raise charges by regulation. Those two aspects are completely contradictory. If operators' costs are to be reduced with reduced transport fees, why is the Minister so keen to raise permit fees and licence fees for transport operators? I find it difficult to believe the Minister when he tells us that that is the only effect of this legislation. I am convinced that the Minister has not told us everything, and the under recovery tax is an example in relation to fuel transport where he has introduced a licensing fee to cover the so called under recovery. The Minister is doing it now with fuel transport and that indicates what will happen from here on in. We will see a great increase in charges for under recovery; that is part of the Government's policy and this Bill is its mechanism. We also oppose this clause because it removes this matter from the scrutiny of Parliament.

Mr KIERATH: We expressed our point of view to the Minister and we thought he might listen to it. The Minister thinks he is clever at times in distorting the point of view expressed on this side of the Chamber. Clause 9(a)(ii), which inserts new paragraph (e), provides for the money raised by this proposal to be transferred to the Main Roads Department. The Minister said that we were prepared to allow money to be transferred, but were not prepared to allow the money to be raised. That is the biggest load of rubbish I have ever heard; it is misleading and deceitful. I do not know whether the Minister has been neglectful in the

reading of the Act or whether he has deliberately tried to distort the point of view taken, but that is simply not the case.

Under the Minister's own schedule of fees under the regulation there are sections covering omnibuses, aircraft, shipping, ferries, commercial goods vehicles - this amendment will effectively knock out that clause - and numberplates. Section 62 of the principal Act relates to all money received by the Minister and the Crown. Section 62(3) relates to the payment of moneys, and clause 9 of the Bill will allow the money raised to be paid to the Main Roads Department; so, the Minister is being deliberately misleading. When at a briefing on this Bill I questioned the apparent generosity of the Minister and his department in forgoing some of these fees - because there will be some reduction in revenue if this clause is passed, and substantial reductions if the operator makes many trips and is required to pay the annual licence fee - the Minister said that the amount of money was relatively small.

The amendment will not remove the right to regulate; it will abolish the permit fee for commercial vehicles but not other fees applicable under the Act. Therefore, it would be possible to transfer the money across to the Main Roads Department if necessary.

Amendment put and a division taken with the following result -

Ayes (21)			
Mr Ainsworth	Mr Hassell	Mr Minson	Mr Watt
Mr Clarko	Mr House	Mr Nicholls	Mr Wiese
Mr Court	Mr Kierath	Mr Shave	Mr Bradshaw *(Teller)*
Mr Cowan	Mr Lewis	Mr Strickland	
Mrs Edwardes	Mr MacKinnon	Mr Trenorden	
Mr Grayden	Mr Mensaros	Mr Fred Tubby	

Noes (24)			
Mrs Beggs	Dr Gallop	Mr Leahy	Mr Thomas
Mr Bridge	Mr Grill	Mr Marlborough	Mr Troy
Mr Carr	Mrs Henderson	Mr Parker	Mrs Watkins
Mr Catania	Mr Gordon Hill	Mr Pearce	Dr Watson
Mr Cunningham	Mr Kobelke	Mr Ripper	Mr Wilson
Mr Peter Dowding	Dr Lawrence	Mr P.J. Smith	Mrs Buchanan *(Teller)*

Pairs

Ayes	Noes
Mr Omodei	Mr Graham
Mr McNee	Mr D.L. Smith
Mr Blaikie	Mr Read
Mr Thompson	Dr Alexander
Dr Turnbull	Mr Taylor

Amendment thus negatived.

Mr COWAN: I am disappointed that the amendment was not accepted. Notwithstanding the comments of the Minister about the ability of National Party members to understand the consequences of the amendment we proposed, we do understand it. In like fashion, we also understand the consequences of the clause. We know it will provide a second best for the transport industry. I am disappointed that the Minister has been so belligerent about this. He told us that if we persisted with this amendment in another place he would withdraw the Bill. If he is attempting to bluff us into accepting the Bill as it stands and, therefore, winning, I will take him on at any time. I make it clear that this is only a slightly better option than that which exists. As a consequence, we will support this clause.

Clause put and passed.

Clauses 5 and 6 put and passed.

Clause 7: Section 47B amended -

Mr COWAN: This clause relates to coastal shipping which provides a service and, at the

same time, is run at some cost to the Consolidated Revenue Fund. The Bill proposes a change to that situation. Ships which ply their coastal trade - they operate on similar lines to land transport - must have a licence. A permit is then granted on the volume of cargo carried. What will this clause mean to the State in terms of revenue? Will it involve additional costs for the coastal shipping industry?

Mr PEARCE: The provision relating to coastal shipping is being changed to put the maximum amount of the Act into the regulations for the purposes of consistency. That has been done elsewhere. The position of coastal shipping is as was pointed out by the Leader of the National Party. The proposal under the regulations is to regulate for precisely the same level of rate as currently applies in the Act. No change in the charge is anticipated. The proposal is to make no changes to the regulations.

Clause put and passed.

Clause 8 put and passed.

Clause 9: Section 62 amended -

Mr COWAN: This clause allows for the moneys which are collected by the Department of Transport to be transferred directly to the Main Roads Department Trust Fund. We all support that because we assume that any moneys going into that fund will be used for road making purposes.

We will argue, as we have today at some length, about where those funds come from and how they are collected. Nevertheless, we do not argue with the concept that if the Department of Transport gains revenue through licences and permits, it can transfer that money directly to the Main Roads Trust Fund. The reservation the National Party has in this regard, which I will repeat to make it absolutely clear to the Minister and anybody else who has nothing better to do than read *Hansard*, is its strong opposition to under recovery taxes. Although there are still some valid reasons for these amendments to be introduced and agreed to in the Parliament, the Bill paves the way through the existing licensing and permit system for the Government to apply in a very general sense an under recovery tax on commercial goods vehicles. As a consequence, the National Party wants to place on record its opposition to that; nevertheless it agrees with the principle that the moneys collected by the Department of Transport should be paid into the Main Roads Trust Fund. However, it raises the question that section 62 of the principal Act creates a Transport Co-ordination Trust Fund, which is supposed to be established to receive moneys, but no money is allocated to it in the Budget. Quite clearly this trust fund may have been the vehicle to receive funds from the Department of Transport and transfer them directly to the Main Roads Trust Fund for the purpose of road making. Therefore, this clause is superfluous.

Mr PEARCE: The Government does not agree with the National Party position with regard to under recovery. That has been made clear in the course of this afternoon. The only level of under recovery that the Government is currently looking at is the issue of what happens when a commodity is deregulated from rail to road. An instance of that has occurred with regard to bulk fuel. This amendment is not a mechanism for introducing a covert under recovery tax. The Government is looking at the issue of under recovery in terms of deregulation and made it clear when deregulating a small portion of the bulk fuel industry. In that case it used great sensitivity in dealing with that issue; that is, the Government introduced it in a very limited area of deregulation, and not in a more general sense. In this Bill the Government seeks to use the funds raised by this process for roads and nothing else. There will be further discussion of under recovery and I am prepared to give consideration to the proposition put forward by the National Party that there should be some more open mechanism for looking at the issue of permits and transport patterns across the State. However, the Government is not ready to do that yet because it is necessary for the regulatory inquiries to be concluded so that the overall picture is available before considering how the situation can be made more logical and coherent. It is anticipated that most of the inquiries will be completed in the next 18 months, and I shall be happy then to consider the proposition put forward by the National Party.

Mr WIESE: I am happy to hear the Minister making those comments, for which I thank him, and I will take every opportunity to remind him of them. I believe it is time that the whole matter of permits, fees, licences and all the other issues that have been raised in this debate,

was referred to a committee set up with representatives from the various transport organisations involved, the Western Australian Farmers Federation, and the Pastoralists and Graziers Association. In that way those who are vitally involved in the transport industry can take part in reviewing the situation and making suggestions to improve the hodgepodge and farcical situation with regard to regulations at present.

Section 62 of the principal Act, which it is proposed to amend, provides for the setting up of a Transport Co-ordination Trust Fund and clearly states that all money received by the Minister or the Director General, whether by way of ex gratia payment, premiums, licences granted, fees, and so forth, shall be paid into the fund. Clause 9 proposes to add to section 62 a provision that such amounts as the Minister may from time to time approve may be paid to the Main Roads Trust Fund, in accordance with section 31 of the Main Roads Act 1930. It is supposedly making it possible for any funds in the Transport Co-ordination Trust Fund to be paid into the Main Roads Trust Fund. However, section 62(4) states that at the end of any financial year any balance remaining in the fund after providing for the payment specified in subsection (3) shall be paid into the Main Roads Trust Fund.

I cannot help wondering why we are debating this clause when the power is already included in the Act. I wish to clarify whether we are talking about the same trust fund, and what in fact happens to any surpluses or funds in the Transport Co-ordination Trust Fund. I also seek clarification of the matter raised by the Leader of the National Party as to why no allocation has been made to the Transport Co-ordination Trust Fund in the Budget.

Mr PEARCE: I will explain to members the difference between sections 62(3) and 62(4) of the current Act. The Transport Co-ordination Trust Fund works in the following way: Money goes into the fund and can be disbursed under subsection (3) for a variety of purposes. The Main Roads Trust Fund is not allowed for in that variety of purposes. That is exactly the problem experienced in transferring money directly to the Main Roads Trust Fund during the course of a year. The current provision allows that at the end of the year any money not expended from the Transport Co-ordination Trust Fund is transferred automatically to the Main Roads Trust Fund. Money cannot be transferred in the middle of the year; it is necessary to wait for a residue at the end of the year, which is then transferred. That is a silly situation, because any fund should operate on an ongoing basis and money that is not expended stays in the fund until the next financial year. The Government proposes to set up an ongoing Transport Co-ordination Trust Fund without an automatic transfer at the end of each year, and any money left in the fund at the end of the year will be applied to the fund in the following year. The Government has given itself the option of transferring at any point money from the Transport Co-ordination Trust Fund to the Main Roads Trust Fund. The National Party has picked up the anomaly in the Bill which the Government is attempting to overcome.

Clause put and passed.

Clause 10 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 (Minister for Transport), and transmitted to the Council.

APPROPRIATION (CONSOLIDATED REVENUE FUND) BILL

Second Reading - Budget Debate

Debate resumed from 19 September.

MR TRENORDEN (Avon) [4.11 pm]: I have during the last few years been following with a high level of interest the prudential activities of the State Government Insurance Commission and the State Government Insurance Corporation, trading as the SGIO. I would

like to canvass for some time the history and the events which have led up to what is happening today to those two institutions.

In looking at the history, I wish to quote from the second reading speech made in 1986 when the Insurance Commission came into being. It says -

> The Bill consolidates the insurance activities of the Government sector through the amalgamation of the State Government Insurance Office and the Motor Vehicle Insurance Trust to form a new body to be called the State Government Insurance Commission. . .The State Government Insurance Commission will comprise two operating arms. One arm is to undertake the non-competitive forms of insurance -

And we all know what they are. It continues -

> The second arm is to undertake the competitive forms of insurance and is to be known as the State Government Insurance Corporation. It is intended to compete with private insurers in all classes of life and general insurance.

It says further on -

> The competitive arm of the commission, the corporation, is to be established along the lines of private sector insurers. The corporation is to have share capital and be governed by a board of directors whose chairman will be the managing director of the commission.

The following section is very important. It says -

> The aim of the corporation will be to compete with the private sector in both life and general insurance and, accordingly, the legislation allows the corporation to have financial and business powers similar to its private sector competitors.

I will take up that matter later, because it just has not happened. It continues -

> In addition, the legislation requires the corporation to -
>
> > comply with the Financial Administration and Audit Act;
> >
> > observe all solvency and other requirements imposed on insurers under the Commonwealth Insurance Act and Life Insurance Act . . .

That is the heart of the problem, because it has not occurred. It is clear that investment is being undertaken by the commission, not the corporation. We can see, if we look at what I have just read from the second reading speech, that it is the corporation which is to be the operating arm, competing in the highly competitive world of private enterprise, and handling investment. However, that has not occurred; the commission is now doing that job, yet it is not as accountable to this place or to other Acts as is the corporation .

Mr MacKinnon: There are one or two people within that commission -

Mr TRENORDEN: That is a very important point. We must ask, are the investment activities of the commission legal? I do not know, because I am not a legally trained person, but it is an interesting question. The question is, who polices the police? Who polices the commission, when it is the corporation which is supposed to be undertaking the investment activities?

There are two boards: The board of the commission, which is the holding company - or the parent company, whichever language one wants to use; and there are plenty of examples in private enterprise of holding companies and parent companies - and the board of the corporation. It is the corporation's job to trade, and it requires the members of its board to have insurance expertise. The corporation is supposed to be competing in the market place, but that is not occurring in the structure of the boards of these two enterprises.

The commission is not required to comply with the Commonwealth Insurance Act 1983, but the corporation is. They are very important points. I will read once again what I have already quoted from the second reading speech, which says -

> The aim of the corporation will be to compete with the private sector in both life and general insurance and, accordingly, the legislation allows for the corporation to have financial and business powers similar to its private sector competitors.

So it is clear that the corporation is supposed to be doing these things; the question is, why

has that never occurred? The annual report of the commission for 1988 is a bit confusing because there are two SGICs, but it says -

> The key functions of the Insurance Commission identified in the enabling legislation are:
>
> to issue and undertake liability for insurance policies under Motor Vehicle (Third Party Insurance) Act 1943.
>
> to issue and undertake liability for insurance policies as required for industrial disease resulting from mining operations and miscellaneous risks under Section 154(6) and 163 of the Workers' Compensation and Assistance Act 1981.
>
> to manage and administer self insurance arrangements on behalf of Government departments, authorities or instrumentalities.
>
> provide advice to the Government on insurance matters.
>
> provide services and facilities to the State Government Insurance Corporation trading as SGIO.
>
> The insurance commission has taken up 300 000 shares of authorised capital at par of $100 per share of the State Government Insurance Corporation.
>
> The Corporation which trades as 'SGIO', is a corporate body and legal entity in its own right and is recorded separately in its own report.

Nowhere in that list - and I have not excluded anything - does it say that the corporation has the right to invest. It says later in the same report -

> A separate Investment Committee has been established to review and present matters relating to investment decisions to the full Board.

That is a new committee which has been set up recently, and that also is reporting to the full board, so that nothing has changed. The report goes on to say that as at 30 June 1988, the overall net asset surplus has increased to $184 million. It says also that its asset base has grown to $1.219 million. That is open to a great deal of argument, and I will proceed to examine that later on. I would also like to canvass the Insurance Act 1973, a key piece of legislation when we are discussing the commission and the corporation. This Act was established to control the activities of insurance companies.

I will quote some extracts from the insurance commissioner's report. Under the heading "Overview" it says -

> Not all assets are eligible to be counted for the purposes of the solvency test. For example intangible assets are excluded and other assets, such as investments in related bodies corporate, are included only to the extent that they may be approved by me as assets for solvency purposes. Liabilities, for example the provision for outstanding claims are also subject to review and, if necessary, adjusted by my direction.

These are very important powers, the review of which does not happen here. The report also says -

> Premium income for solvency purposes is defined as being net of outwards reinsurance and accordingly, a company's reinsurance arrangements are subject to examination and approval.
>
> Routine supervision of authorised insurers is based upon the review of quarterly and audited annual financial and statistical returns with additional powers of enquiry, inspection and investigation available as necessary.

That is interesting. Neither the State Government Insurance Commission nor the State Government Insurance Corporation submits quarterly reports, even though under its own charter and in the Bill - and I will quote a little more from that later on - it is directed to do so. The annual return referred to in that last quote from the commissioner's report does not attract the interest of the commissioner - and I have telephoned him and spoken to him about it - because his Act is the Insurance Act 1973, which precludes interest in State insurance offices. I will quote from that Act a little later on. The commissioner's only interest in the returns is for industry figures and statistics. He checks the assets and liabilities and the

statements of private companies, and his particular interest is in claims and liabilities. He tells me it is a rare case where he does not alter claims and liabilities. So even though private insurers send in audited reports, the commissioner has the absolute right to change those valuations, whether assets or liabilities, and regularly does so.

Nobody checks either the State Government Insurance Commission's or the State Government Insurance Corporation's reports, other than in terms of the Financial Administration and Audit Act. Certainly they are not audited or checked in terms of the provisions of the Insurance Act 1973, and that is a very crucial point. Section 33 of the State Government Insurance Corporation Bill requires the State Government Insurance Office or the corporation to comply with all requirements imposed on insurers under the Insurance Act 1973, yet it just does not happen. The bottom line is that there is no audit of either the commission or the corporation under the provisions of that Act; in other words, there is no accountability and no protection for the taxpayers of Western Australia.

The commissioner's report also states -

> The *Insurance Act 1973* provides that there shall be an Insurance Commissioner appointed by the Governor-General. The role of the Insurance Commissioner is, subject to any directions of the Treasurer, to administer the Insurance Act and in particular monitor general (non-life) insurance companies and their continuing compliance with that Act.

That is a direct quote from the commissioner's report. The report also says that there were 176 companies which returned an underwriting deficit of $800 million. That is another important point, because general insurers cannot be looked upon in the same way as life insurers or real estate operators. There is an absolutely vital need to understand the investment requirements of this industry. The report goes on -

> In addition to the authorised private sector insurers trading in Australia there are a number of public sector insurers such as the various State Government insurance offices. These latter organisations are not subject to my supervision.

Further on in the same report it says -

> . . . historically high underwriting deficits. For the private sector these underwriting deficits continue to be offset by investment returns derived from sustained high interest rates and the buoyant share market so that, overall, the sector remains profitable.

I will talk about that a little later, but for the present will continue to quote from the commissioner's report. A little further on it says -

> Section 52 of the Insurance Act provides for the appointment by the Treasurer of an inspector to conduct an investigation into the affairs of an authorised insurer. An inspector has wide ranging powers of enquiry and may make recommendations which can lead to the Treasurer issuing formal directions relating to the conduct of a company's affairs. The section may be invoked and an inspector appointed when it appears to the Treasurer that an authorised insurer:
>
> (i) has contravened, or failed to comply with, certain provisions of the Act; or
>
> (ii) is, or is about to become, unable to meet its liabilities; and,
>
> the Treasurer considers it is in the public interest to do so.
>
> Inspections are normally carried out in confidence and therefore it is not until certain directions are given that information becomes publicly available.

In other words, he does not make it clear to the world that an inspector has been sent into an insurance company, but it does happen.

Under the heading "Financial reporting" the report says -

> The scheme of financial supervision of authorised insurers is based upon the compliance of each company with the statutory solvency margin.

Members will hear more about that as I continue my address. For the moment I will continue to quote the commissioner's report -

> Routine financial supervision is based upon the examination of quarterly and audited annual financial returns required to be submitted by each company within specified periods of time. These returns are subject to edit and examination procedures in my Office in order to determine a company's compliance, and likely continued compliance, with the statutory solvency and other requirements of the Act.
>
> The Insurance Act provides scope for further enquiry to be made of a company in respect of information returned and provides for my inspection of accounting records as an adjunct to the examinations process.
>
> Timely submission of accurate statutory returns is thus fundamental to the administration of the Insurance Act.

What all that means is that the sending of information and the processing of it is absolutely crucial to the commissioner in his operations. The commissioner has exceedingly strong powers. He can change valuations, increase liability figures, and disallow some assets. He checks all figures that are lodged, and he informs me that he regularly changes figures. The only appeal available to the insurance industry is to a tribunal which takes quite a bit of time to sit, so even if the industry is successful a lot of water has passed under the bridge. It means the commissioner has exceedingly strong powers which are not directed towards the State Government Insurance Commission or the State Government Insurance Corporation.

The commissioner's report further states -

> The Insurance Act specifies for my particular consideration in connection with the approval of a related body corporate asset for solvency purposes the following matters:
>
> - the proportion that the insurer's total investment in the related body corporate bears to the insurer's other assets; . . .

That would mean the State Government Insurance Commission and the corporation. The report continues -

> - the nature and the degree of diversity of the assets of both the insurer and the related body corporate; and
> - the business of the related body corporate.
>
> It is up to an insurer seeking to have related body corporate assets approved to satisfy me that, in all the circumstances, approval is appropriate. A detailed submission addressing both the statutory criteria and any wider matters of relevance is necessary and insurers should be aware that approval, once given, is subject to revocation.

So the commissioner can revoke his approval if he wants to. Further on the report states -

> A general insurer, notwithstanding the availability of often significant levels of cash flow, is normally expected to maintain a high level of liquid or readily realisable assets in order that both routine and exceptional claims may be settled promptly.

That is very important because not all insurance companies, but most of them, run at a deficit. All of their capital is required in any one year, so they need to remain very liquid and to have high cash availability. The commissioner's report also says -

> The protection of the financial interests of policyholders nonetheless suggests that assets be placed with debtors of utmost security -

That is an interesting quote.

Mr MacKinnon: Could you repeat it?

Mr TRENORDEN: It says "utmost security".

Mr MacKinnon: I thought that was what it said.

Mr TRENORDEN: The report continues -

> - or that they be spread between classes of assets and between particular debtors in order to minimise investment risks. These and other factors must inevitably place conflicting pressures on an insurer.

Not only are they saying they must be safe, but also that there must be a good spread within the bracket.

Mr Hassell: Spedleys!

Mr TRENORDEN: Spedleys! That was a safe investment! The quote continues -

> . . . My examiners do, however, look for something less than 20 per cent of assets in real property and for levels of liquid or readily realisable assets . . .

The examiner is looking for a liquid and readily realisable asset; property is not a ready and realisable asset in most terms. If a person looks to sell immediately, this is the case. When mortgages rise the value goes out the door - the price goes down. The quote continues -

> . . . Insurers should also be aware that where a guarantee is issued by an authorised insurer, whether joint and several with other companies or otherwise, as security for a loan or other liability or contingent liability, the assets subject to the guarantee or charge are, by section 30, not assets for solvency purposes.

I am not a lawyer but I suggest the indemnity by Bond to the Bell Group would come close to that definition.

Mr Hassell: Are you saying that the SGIC may have breached its own Act?

Mr TRENORDEN: No, I say it definitely did.

Mr Hassell: Where would that leave the board of SGIC?

Mr TRENORDEN: Because it is in a protected position I guess it would not be sweating as much as if it were in private enterprise. We should examine that. None of these important points can be directed either to the commission or the corporation by the commissioner. That is, the commissioner is not allowed to look at these things within any of the SGIC offices; he is not entitled to look at the fundamental issues, and nobody checks on those issues.

Mr Hassell: Spedleys was a liquid asset, was it not?

Mr TRENORDEN: Yes, it is very liquid right now; it has gone down the plug hole.

I intend to read some quotes from the annual report of the SGIC for 1988, although we cannot talk about the corporation because the commission has taken away its investment powers. While examining the investment requirements it is necessary to remember that the industry has underwriting deficits. I have already noted that. More is paid out in the course of a year than is received; that is balanced by investments. The investments must be very fluid. The commissioner has stated that they must be "in fixed interest".

The State Government Insurance Office had a $430 000 underwriting loss in 1988 - no different from anyone else. We will now examine the investment program. In 1987 the SGIC had eight per cent in property; in 1988, 22 per cent; in 1989, 28 per cent. That is shooting through the roof.

Mr MacKinnon: The commissioner was looking for less than 20 per cent.

Mr TRENORDEN: Yes. I will run through a few of the big insurance companies in Australia and see what they have in the property area. Commercial Union has 11.7 per cent; Legal & General has nothing; Edward Lumley has six per cent; Royal Insurance has 4.6 per cent; Southern Alliance has two per cent; and Wesfarmers has 5.4 per cent. These are general insurance companies, not life insurance companies, so they must keep their assets liquid. Nobody has the exposure that SGIC has; those who do, appear in the newspapers because they are in trouble.

Turning to shares, in 1987 the SGIC had eight per cent; in 1988, 34 per cent; and in 1989, 21 per cent.

Mr Shave: Has the value of the shares gone up?

Mr TRENORDEN: I will talk about that later. On examining shareholdings we see that Commercial Union is at nine per cent; GRE nothing; Legal & General nothing; Edward Lumley at four per cent; Royal Insurance at 11 per cent. And again, Wesfarmers - nothing.

Mr MacKinnon: What are the figures for SGIC?

Mr TRENORDEN: Last year, 34 per cent; this year, 21 per cent. Not only has the commission those investments but also if we look at the spread of investments, within the property portfolio and the share portfolio, the equity is heavily based around Bell scrip. The property area is based on one set of properties. This is a very poor investment practice.

Mr Hassell: It is a pity that the Premier and the Deputy Premier are not here to listen to this because they made the decisions.

Mr TRENORDEN: They may get to hear about this.

In any objective analysis, the insurance commissioner would not accept this portfolio. I cannot speak for him but if we read the Act nobody could objectively say the commissioner would accept that as a reasonable portfolio. The SGIC would not get a licence.

Mr MacKinnon: Does he have any control over that?

Mr TRENORDEN: No he does not. I quote the commissioner further -

> While the solvency test upon which the system of financial supervision established by the Act is predicated upon a surplus of assets over liabilities, the Act is in large part silent in relation to assets. It specifies a market valuation base to be utilised for solvency purposes and provides that certain specified assets are not assets for solvency purposes or are subject to my approval in order to be included as assets for solvency purposes.

Market valuation is the main point. When he says that he means the insurance Act. He is not talking about real estate, he is talking about the insurance Act and the immediate liquid figures. The SGIO report states in relation to outstanding claims that the outstanding provisions are done on actuarial estimates. I readily accept that. The quote goes on -

> The method of actuarial assessment has altered since the 30 June 1987.

So they have changed the method of working out the outstanding claims. Who checks that? Who verifies that that is a reasonable figure? Every other insurance company does the same thing. The auditors do the work and send the information to the commissioner; the commissioner checks the figures and comes up with his own conclusions. At the commission, nobody checks the figures; this is outside the realm of the Auditor General because it is a very specialised field. It is the same as checking the R & I Bank figures; the average person just would not be able to do that.

Nobody knows how much is in unfunded liabilities. This is an unaudited area in terms of the insurance Act. Nobody knows whether the figures are fair and reasonable. That is a fundamental question. The report further states -

> The commission's interest in a group of central business district buildings known as Southside Properties (east of Mercantile Lane) was sold for a consideration of $194 940 000 payable in equal instalments on 30 June 1988, 31 December 1989 and 31 December 1990. The profit on the sale of these properties was brought to account after discounting to present value the outstanding instalments. Full security has been obtained over these properties by mortgage.

That is a highly unusual investment for an insurance company, particularly when a little further on we find that $400 000 has been borrowed. Would the commissioner have approved of this activity? I doubt it. This is a general insurance area; it is not a real estate area.

This is not the game that is played up and down the Terrace, although we know it is. We are talking about an industry that has fundamental investment requirements and this company ignored those requirements.

Another item in the report refers to short term loan facilities. It states -

> A $400,000,000 ongoing short term loan facility secured by Commercial Bills was arranged in December 1987 through five major banks in the Australian Market. The loan is subject to short term rollover and total discharge within 3 years and was used to assist financing peaks in the acquisition of equities and several central business district properties.

That is what it was used for. Those investments did not come out of surpluses. This insurance company decided it had a couple of good investments and borrowed $400 million to get into those investments. That is a highly unusual practice for a general insurance company. If we add to that the interest on $400 million, the transaction becomes even more questionable. One can only shake one's head about what has happened. Further, the report states -

> On 28 July 1988, in consequence of an underwriting agreement in force at balance date, the Bell Group Ltd convertible bonds (unlisted) with a face value of $150,000,000 were purchased for a consideration of $140,000,000 plus accrued interest to settlement date.

It is interesting to note that these bonds are now worth $50 million if they are saleable. They were purchased for $140 million in 1988, a very good investment! Further, the report states -

> Upon a petition to the Supreme Court of Queensland, which was supported by the Insurance Commission Provisional Liquidators were appointed to Rothwells Limited on 3 November 1988. At balance date, short term deposits of $70.174 million included $50.973 million on deposit with Rothwells Limited secured over commercial bills.

It goes on to say that the company put aside $26 million in respect of the losses - 37¢ in the dollar. We all know the losses will be greater than that. That is highly optimistic investing to say the least. Of what value to the State was it? We all know the answer to that.

The last page of the report carries a letter from the Auditor General which, in part, states -

> The accounts of the State Government Insurance Commission have been audited for the period July 1, 1987 to June 30, 1988 under the provisions of the Financial Administration and Audit Act 1985 and found to be in order.

That is absolutely correct. The Auditor General has done his job under the Financial Administration and Audit Act, but what about the audit under the provisions of the Insurance Act 1973? It did not occur.

The annual report of the corporation is nowhere near as interesting because it has stripped its responsibilities from that report. It states there was a loss of $434 million and contains no investment details because the investment was done by the commission. Later in the report it states that it also changed the provisions of outstanding claims and reduced them to $13.2 million. The corporation counted that as income as it counted the $48 million that it revalued. I wish I could have done that in the business I used to run. Interesting figures near the bottom of the next page state that there was an increase in net assets from $53.8 million to $66.4 million and growth in liabilities is down from $170.4 million to $118.9 million. That is fantastic. Those figures are valueless because no audit has been done on them. The report also states that the solvency margin of 20.6 per cent was within the statutory requirement of 20 per cent. That figure was managed because it valued its own assets and liabilities and nobody checked the figures. I could come up with that figure.

Mr Hassell: Is the whole show financially sound?

Mr TRENORDEN: The financial base will remain. However, a lot of money has been lost.

An article in the *Sunday Times* on 16 April stated -

> The SGIC has $411 million locked in investments which are not returning interest.

It was a top investment! It continues -

> It has a further $140 million earning below current bank interest rates.

Again -

> The SGIC has $91 million with Rothwells and is owed $130 million from the sale of the Perth Technical College sites and city properties bought from Robert Holmes a Court.

The article states further that the SGIC received only $65 million for those properties. That was part of an indemnity agreement from Bond that is very questionable. The earning rate paid to Bond was 13.25 per cent, a figure well below investment returns. The higher the risk, the higher the interest rate! Why is it holding those bonds? It will not get its money back on them.

We have all read John McGlue's article in *The West Australian* of 1 September 1989 which is headed, "Bond links SGIC to petro project" and states -

> Mr Beckwith said the Government's involvement in PIL and its shareholding via the SGIC in the Bell Group "were from day one enmeshed".

Therefore, there has to be a legal question about whether the $162 million that the SGIC is hoping to get from Bond will turn up.

Mr Shave: What happens if it goes broke?

Mr TRENORDEN: Let us hope nobody goes broke. There will be litigation, but it will be settled out of court because the commission is seeking $162 million from Bond Corporation and Bond Corporation is seeking $122 million from the commission. I do not have to be a financial whiz to work that one out.

Bell Group shares were valued at $2.70. Those shares have been trading at between 47¢ and 50¢, a loss of $62 million as I said before. Part of the $62 million is $22 million worth of interest. The question is: Will that come in? I am not qualified to answer that but some members might have an interest in it.

The Bell bonds were purchased at $140 million and are valued today by the SGIC at $108 million. They are worth around $50 million if they can be sold.

Mr MacKinnon: In what year?

Mr TRENORDEN: This year. We have not seen the report but the newspaper published those figures.

Mr Hassell: What are they worth?

Mr TRENORDEN: They are worth $50 million if they can be sold.

Mr Shave interjected.

Mr TRENORDEN: They are unsecured.

Mr MacKinnon: If they were valued at that rate, the SGIC would have returned a loss.

Mr TRENORDEN: The figures that were put into the paper related to the performance of the SGIC. According to the report it made a surplus of $48 million. I have pointed out already that it had a loss of $58 million.

Mr Shave: What about Spedleys?

Mr TRENORDEN: I was coming to Spedleys' loss of between $14 million and $18 million which was announced 18 days ago.

Mr Shave: At best.

Mr TRENORDEN: That is right.

An article in the *Sunday Times* of 9 July states -

> The purchase of the bonds remains a mystery to many Perth brokers contacted last week.

Those bonds were purchased at $140 million, and they could have been purchased for $92 million on the Luxembourg stock exchange. Why were they not? I summarise the investments of the State Government Insurance Commission: $111 million not receiving interest; $140 million receiving interest at below the market rate; Bell Group shares trading at approximately 50¢ each with a large question mark over the indemnity given by Bond Corporation which could result in a loss of approximately $160 million; Bell Group bonds crashing from $140 million to $50 million, or even less - a loss of $90 million; a loss on Spedleys of between $24 million and $28 million; and the loss on Rothwells which may be $36 million. The commission must be running out of money. I invite members to put their own figure on the value of the Bell Group shares, pending the outcome of that litigation. That $184 million net surplus declared in 1988 is looking pretty sick.

What about the 20 per cent solvency margin? Under section 33 of the Insurance Act the corporation is required to maintain a 20 per cent solvency margin. It can be seen from the assets of the commission that the system is deciding its own liabilities without any audit. It took $61.5 million from its accounts in 1988, $48.3 million from the SGIC and $13.2 million from the corporation, to reduce its liabilities without the type of audit required by the Act governing its operations and by the taxpayers of Western Australia. The system is still valuing its assets in whatever way it chooses without any of the procedures required by the commissioner. The value of its properties are probably in doubt at the moment. In fact,

there is no doubt that the insurance commissioner would reduce the SGIC's valuations of its properties. Anyone who examined this matter closely, and bearing in mind the powers of the commissioner, could not fail to arrive at the conclusion that the SGIC valuations could not be upheld.

The bottom line is that without question the SGIO is technically insolvent. I would be surprised if the commission's financial advisers have not advised the board that the whole system is insolvent. My purpose in this debate has been to try to explain to Western Australian taxpayers that their insurance company has been devastated. The 20 per cent viability margin relates to assets over liabilities and premium income. The 1988 figure for the SGIO was $30 million and for the SGIC it was $38 million, giving a collective figure of $68 million. That is the minimum amount on which a private insurance company would be allowed to trade on assets over liabilities. Of course, there has been a 10 per cent growth in premium income this year so that figure should be increased by 10 per cent. I will not attempt to do the sums for people, that matter is for another debate, but if one takes the surplus of $184 million declared in 1988 and deducts the reasonable expectation of losses and known losses, the figure is close to zero. That means only an influx of capital into both the SGIC and the SGIO if they are to continue operating, and to comply with the appropriate legislation. The important question is: Who will make these organisations comply with that legislation? However, if they are to comply, they will need an injection of funds. The alternative would be to sell the SGIO and take the profits, because even if it is run down to nothing, it has a premium base which is marketable. Also it has lost the accumulated assets of the trading over all those years.

I have tried to address this issue without becoming emotional or involving WA Inc, which without question will be raised in the future. I have tried to show the people of Western Australia - I do not think anyone can contradict the argument I have put forward - that the SGIO and SGIC are operating outside their charter without audit and without examination in the crucial areas. They are audited under the requirements of the Financial Administration and Audit Act, but they are well outside the charter of the Insurance Act of 1973.

MR HASSELL (Cottesloe) [4.56 pm]: The member for Avon in a logical and clear way has set out the current problems of the State Government Insurance Commission. It is shameful that the Treasurer and the Premier, who is his predecessor, were not in the Chamber to hear his comments. I will take this same issue raised by the member for Avon further. One has to ask the question: Why is the State Government Insurance Commission in the parlous state it is in today? A very serious issue has been raised by the member for Avon. The State Government trading concern which until 1983 had operated totally without political interference and for the good of Western Australia, and was financially sound and financially independent, is now in big trouble.

I will make the following confident prediction: By the end of this financial year most likely, but certainly by the end of next year, the taxpayers of Western Australia through the Government will have to lend substantial support to the State Government Insurance Commission. That financial support will be the next big loss of WA Inc. We must come back to the question of why the situation described by the member for Avon has arisen. The answer is very simple; the State Government Insurance Commission has been used by this Government as an arm of its financing of WA Inc. The SGIC has been the banker, and it has been directed. But, worse than that, it is not just that it has not made the decisions; the decisions have been made by the Premier of this State in private meetings with Alan Bond and others. Decisions were made at those private meetings about the financial affairs of SGIC which was not represented at the meetings, and was treated as irrelevant and simply there to carry out the wishes of the Government. When the Government has been questioned about these matters it has always been able to answer that the decisions were recorded in the minutes, and had been made by the board. If I were Mr Ollie Rees I would be asking myself what my position is as chairman of the SGIC. It is absolutely apparent on the factual, irrefutable evidence that Mr Rees has been totally bypassed and he has simply come into matters after the decisions have been made by the Premier.

It is a deplorable situation. While Mr Rees and his fellow directors may sit back now and say, "We are not responsible for this parlous situation described by the member for Avon," and they can rightly say they are not responsible in the sense that they did not make the decisions which were made by Kevin Edwards, the Premier and others, they also have to ask

themselves how have they been left as a board of directors with statutory responsibilities and statutory independence which has not been exercised.

I will run through some of these events. First, I will run through the background. Let us turn to the events of 3 June 1988. Four things were done: Firstly, the formalities may have been signed up later, but on 3 June 1988 the indemnity deal was done between Bond and the SGIC. That indemnity deal provided for Bond Corporation to pay the difference between the sale price of the Bell shares when sold by SGIC and $2.70. Secondly, Bond Corporation received a letter of assurance on that day from Minister Grill about the dealings that were being done.

Mr Peter Dowding: Where is that document?

Mr HASSELL: Does the Premier deny that that document exists?

Mr Peter Dowding: The Minister says he has no recollection of that document. I have no knowledge of the document.

Mr Court: In answer to a question today he said he could not find it.

Mr Peter Dowding: I would be interested to know whether it ever existed. Why does the member for Cottesloe say it exists?

Mr HASSELL: We have had an important speech from the member for Avon in which he set out a number of facts. The Premier did not bother to be here during that speech, so he is not now going to waltz into the Chamber and try to divert me, in my limited time, from dealing with these issues. I am talking about the second and related event which happened on 3 June 1988. I say that, firstly, the SGIC and Bond Corporation indemnity deal was done, the deal which is now in controversy. I say, secondly, that Bond Corporation received a letter of assurance from Minister Grill. If the Premier or Minister Grill says there is no such letter, let them answer these three questions: Firstly, can Minister Grill say that he never wrote such a letter to Bond Corporation or any of its directors; secondly, if he did write a letter, why does he not table it; and, thirdly, can we not assume, in the absence of clear refutation or tabling, that he is seeking once again to mislead Parliament as he did in the answer given today? Like the Leader of the Opposition, I say here and now on the record and with absolute confidence that such a letter was written and that is the beginning and end of it.

The third event which occurred on 3 June 1988 was that Bond Corporation also received a letter of assurance from Deputy Premier Parker about the status of the petrochemical project and the Government's commitment to it.

Mr Peter Dowding: I do not think that is true.

Mr HASSELL: Is the Premier prepared to say that that is not true?

Mr Peter Dowding: I can just tell the member for Cottesloe that if he is so certain that it is true that is either because Bond Corporation has given him the letter, in which case we would be delighted to see it, or it does not exist and he has been told it exists.

Mr Hassell: I have limited time left -

Several members interjected.

The SPEAKER: Order!

Mr HASSELL: I will deal with this matter once and for all. The Premier has been sitting here for three weeks, as I predicted before the Parliament sat on 29 August, trying to say that we are pursuing matters for Bond. The fact of the matter is that what the member for Avon was talking about this afternoon and what I am talking about now is the SGIC. Before the election the Premier was all pally with Mr Bond and that was apparently all right. He was receiving millions of dollars of support for his party from Mr Bond, and that was all right. Last week, on his own admission, he had two meetings with Mr Bond, and that was all right. However, it is apparently not all right if the Opposition raises issues of public importance if they happen to involve Mr Bond. I will not be put off by that balderdash; neither is the Premier going to interrupt my statement on it.

The fact of the matter is that I have had no dealings with Mr Bond or Bond Corporation, but I will deal with these matters first. That is all there is to it. The Premier can bleat all he likes,

but we are acting in the public interest in respect of the State Government Insurance Commission and asking why the State Government Insurance Commission, for which the Premier and his Government are responsible, is in the mess it is in today. It is in a very serious mess and it will get a lot worse. Let us face the facts: As I have said already, four events happened on 3 June 1988: Firstly, there was the indemnity deal; secondly, the Bond Corporation letter of assurance from Minister Grill; thirdly, the Bond Corporation letter of assurance from Deputy Premier Parker about the status of the petrochemical project and the Government's commitment to it; and, fourthly, on that very same day Bond Corporation Finance deposited $100 million into Rothwells and took as security - and I use the word loosely - a "charge" over Connell's interest in PICL. Those four events did not happen on one day by accident. They happened on that one day because they were intertwined. I know enough about the law to know that those issues will be very important in the legal proceedings between Bond Corporation and the Government. I am not interested in trying to deal with those issues. I am interested in how it came about that the SGIC was involved in those dealings involving millions of dollars in liability and millions of dollars of its money; and the SGIC was not directing the action, the Government was.

Mr Court: The Premier was.

Mr HASSELL: The Premier and his Ministers were directing the action. The SGIC is in the mess it is in today as a result of the Government's directions; it was being bypassed. Although all sorts of records can be produced about what the SGIC decided, the fact of the matter is that it did not decide anything of substance on those deals; those decisions were made by the Premier, usually in private agreements with Mr Bond which were evidenced later.

Mr Peter Dowding: What is the member for Cottesloe's evidence for saying that?

Mr HASSELL: I will deal with that matter later. Let us take the statements tabled in this House by the Premier on 30 August. I refer first to the Whitlam Turnbull letter. Malcolm Turnbull wrote his famous letter in support of the Premier which states in part on page 2 -

> I said that no winks or nods could be given and that the best which could be said was that any negotiations with the SGIC would be conducted by them in good faith, commercially and free of any interference from the Government.

Can the Government say in all integrity and honesty that the deal it did with Bond Corporation about the Bell shares, the indemnity deal, was a deal that was put together commercially and totally independently of the Government? Can the Government say that the coincidence of all these four things happening on 3 June 1988 was simply the normal commercial operations of the SGIC? Of course they were not normal commercial operations! They were operations which were part of a grand Government plan. The Government was using the SGIC as a banker for its WA Inc operations.

Let us move on from 3 June 1988 to October 1988 and run through some of the very important events which occurred in relation to the rescue of the PICL project. To set the scene, firstly, we had Monday, 17 October 1988, with the Government completing the settlement on the PICL-Rothwells deal. There was a round-robin of cheques on the day of settlement, as described in the response to my question 1606 of 27 October 1988. That was the first event. The Government paid out $175 million to buy into the project: Bond paid $225 million to buy into the project, Connell received $350 million to allow him to buy his own debts back from Rothwells, and Dempster received $50 million to allow him to pay off the R & I Bank.

That put that issue to bed as far as the Premier was concerned. Two days later, however, on 19 October, while this House was sitting, the Premier received a telephone call at dinner time and he was given the bad news: Rothwells was in trouble, and he was asked to go down there. At 11.00 pm, after the House had risen, he went down to Rothwells. That was the rowdy meeting described by Mr Musca, when an angry Premier - and I think it was understandable - heard that despite Monday's settlement, which he had not been keen about politically, Rothwells was again in big trouble, and that is when the Premier started kicking, shouting and screaming.

Nothing was resolved at that meeting, but on Thursday, 20 October there was another meeting, and this was the famous whiteboard presentation. The Premier talked that night of

resigning or going out to breakfast. Once again, nothing was resolved, but the next morning, Friday, 21 October, the Premier had an early breakfast at Mr Bond's house with Mr Bond; his Minister, Mr Grill, was there as well. Others may have been there too, but one person who was not there was Mr Ollie Rees. Neither was anybody else representing the supposedly independent State Government Insurance Commission. What did they discuss over that breakfast? They clearly discussed another rescue for Rothwells, and that was the rescue package which proposed another $75 million going into Rothwells, $25 million from the SGIC, $25 million from Bond, and $25 million from Spedleys. Where Spedleys was to get that money from we can only guess, but on past performance it would have come from the SGIC.

That was the situation early on Friday, 21 October. The deal was put together and sent by Robinson Cox to Rothwells for its acceptance.

Mr Court: This is a recurring bad dream for the Premier.

Mr HASSELL: It may be a recurring bad dream, but it is fact. We are coming to a very important point. This proposed $75 million rescue deal involving the SGIC was made at a meeting where the SGIC was not even represented. This proposed deal was put to Rothwells for its acceptance. Why was Rothwells asked to accept this rescue arrangement? It was because the rescue operation involved Brian Yuill of Spedleys taking over Rothwells. Perhaps Rothwells had an interest in whether to accept the takeover or go down the gurgler. By 10.00 am that day, Friday, 21 October, Brian Yuill had a man in Rothwells looking at the situation from his point of view; but during the day the package fell apart and the deal could not be done. This has been vividly described in various documents. In the afternoon of that day the State Energy Commission deal was done and $15 million in "prepayments" to Western Collieries Ltd was directed to Spedleys and back to Rothwells. Then Spedleys panicked and said, "This payment is in the name of Western Collieries; it must be cleared by Monday if we are to leave the $15 million in Rothwells."

That was Friday, 21 October. I do not know what happened on Saturday, but I do know what happened on Sunday. On Sunday, 23 October 1988, there was another rescue meeting. Guess who that meeting was between? It was between Premier Dowding and Alan Bond. I do not know who else was at that meeting, but I can tell you who was not there, and that was Ollie Rees, and neither was anyone else there representing the State Government Insurance Commission. What was cooked up at that meeting on Sunday, 23 October? I shall tell members what was cooked up between the Premier and Mr Bond at that meeting on Sunday, 23 October. A deal was done by the Premier and Mr Bond to alter the terms of the SGIC-Bond indemnity arrangement.

Mr Peter Dowding: What rubbish!

Mr HASSELL: Is that rubbish?

Mr Peter Dowding: Absolute rubbish!

Mr HASSELL: It is nice of the Premier to say so.

Mr Peter Dowding: You tell me on what basis you say that at the meetings you have described there was no representative of the SGIC?

Mr HASSELL: Will you, Mr Speaker, ask the Premier whether he will tell me whether he denies a deal was done on that Sunday between him and Alan Bond in relation to the SGIC without representation from the SGIC at that time?

Mr Peter Dowding: I tell you now that any arrangements that were discussed involving the SGIC were discussed on the basis that they had to be put directly to the SGIC for its consideration.

Mr HASSELL: Now we have a chink in the armour.

Mr Peter Dowding: Not at all.

Mr HASSELL: What is this Premier saying? He and his Ministers have been saying that the SGIC operated independently, and now he is admitting that there were discussions by him with Alan Bond relating to the finances of the SGIC, albeit he says that those discussions were subject to approval by the SGIC. I bet they were! I bet they were subject to that approval. I invite members to look at this answer to a question asked in the upper House on

Tuesday, 5 September 1989. The Attorney General caught the Premier out before, and with his answer this morning he has caught him out again. Members should listen to this answer -

> The State Government Insurance Commission has not been involved in any negotiations with the Government or Bond Corporation to do with the petrochemical project.

Mr Peter Dowding: That is true.

Mr HASSELL: Who made the decision?

Mr Parker: Which decision?

Mr HASSELL: The decision to involve the SGIC in the rescue attempt; the attempt which failed.

Mr Parker: That is not the petrochemical project.

Mr HASSELL: Mr Speaker -

Mr Peter Dowding: You have gone over the top again.

Mr HASSELL: The problem of this Government is that it keeps telling untruths. What has been established beyond doubt by this Government's set of selectively chosen documents is that the petrochemical project, the rescue of Rothwells and all these other deals were inextricably entwined, and that is why four deals happened together on 3 June 1988. Four deals were arranged on the one day: The SGIC indemnity with Bond - nothing to do with the petrochemical project except that it was arranged on the same day - a letter of assurance from the Minister, Mr Grill, about the petrochemical project; a letter of assurance from the Deputy Premier, Mr Parker, to Bond Corporation about the status of the project; and the deposit by Bond Corporation of $100 million into Rothwells with security over Connell's interest in PICL. All these things happened on the same day.

I have tried valiantly to explain to this Premier that his dealings with Bond Corporation have been continuous and extensive. I am dealing with the way in which decisions were made for the State Government Insurance Commission. I am dealing with the position of the Minister and Mr Ollie Rees. I am dealing with the position of the State Government Insurance Commission as it is today as a direct result of the Government's dealings bypassing Mr Rees. I am dealing with the position outlined by the member for Avon, which is indeed serious although neither the Premier nor the Treasurer could be bothered sitting in here to hear it. Those matters are very serious. The clear evidence establishes that the Government has been dishonestly misleading the public and the Parliament once again because it has been saying repeatedly that the SGIC operates independently. The SGIC does not operate independently. The Treasurer just said that on 3 June 1988 he gave no letter of assurance.

Mr Parker: That is right. In fact that is not even said in your document, which said that a letter of assurance was given by the Chairman of the State Energy Commission of Western Australia on my behalf.

Mr HASSELL: So it is not a letter from the Treasurer?

Mr Parker: No, but let me make it absolutely clear that that letter does not in any sense whatsoever support the contention made either by you or by Bond Corporation about the nature of the arrangements.

Mr HASSELL: Four major events occurred on 3 June 1988. One of those was a letter under the letterhead of the Office of the Premier to the Managing Director of Petrochemical Industries Co Ltd about -

Mr Peter Dowding: Exactly. It is the one document that has been located, and you look at who signed it.

Mr HASSELL: I know who signed it: John McKee, the Chairman of the State Energy Commission on behalf of Hon David Parker, the Deputy Premier and then Minister for Economic Development and Trade.

Mr Peter Dowding: And what does it say?

Mr HASSELL: It is a letter of assurance.

Mr Parker: I had planned to table it during question time tonight, because it supports our position.

Several members interjected.

The SPEAKER: Order!

Mr HASSELL: Let me read the first paragraph of that letter because there is more to come.

Several members interjected.

The SPEAKER: Order! I was trying to decide whether somebody needed a holiday or a cup of coffee. One of those two would be a pretty good option for people who consider it perfectly proper to ignore my calls for order. The member for Cottesloe has the floor. I have called for order and although I allowed the interjections to go on for a while, that does not mean they can go on forever. When I call for order, I think it is appropriate that members come to order.

Mr HASSELL: If I read the clock correctly, I have 18 minutes left.

The SPEAKER: Yes, the member does.

Mr HASSELL: The first paragraph of that letter reads -

> This letter is intended to cover understandings between the Western Australian Government (the State) and Petrochemical Industries Co Ltd. ("PICL") in relation to the establishment by PICL of a petrochemical complex at Kwinana, Western Australia.

That letter on its own says one thing, but when one puts that letter in the context of the four events which all occurred on 3 June, and when one of those events was the variation of the arrangements for the indemnity involving the State Government Insurance Commission, one has to ask oneself: Is the State Government Insurance Commission doing insurance business or is it doing Government business? The answer is that the SGIC on 3 June 1988 was doing the Government's business, and the SGIC, following the meeting of the Premier with Alan Bond on Sunday, 23 October 1988 was not doing insurance business, it was doing the Government's business. That is what was happening. That is why the SGIC is in the mess it is today. I think that Mr Rees has to seriously consider his position because he has been left out on a limb in an impossible position. He now knows, if he did not know before, that this Government has been fiddling with the funds of the SGIC for its purposes and has been using them -

Withdrawal of Remark

The SPEAKER: Order! The member for Cottesloe is a senior enough member of this House to know firstly that that is unparliamentary and improper, and secondly that it is a gross misuse of his opportunity to speak. I have asked for the cooperation of members in these sorts of matters before. I will say again that there are ample opportunities in this place to make those sorts of accusations, and I am not about to stop anyone making them; but I am getting very disturbed by members who misuse this place in the way that it just has. I expect that comment to be withdrawn and an apology given, and then the proceedings of the House will continue.

Mr HASSELL: I withdraw and apologise.

Debate Resumed

Mr HASSELL: I say that the Government was misusing the funds of the SGIC for its nefarious business dealings, and that is the essence of it. It does not matter what words are used. If I used a word which was too strong, I have withdrawn it. I will not argue about the words. The facts are there: The SGIC was not in command of insurance business. Its funds were being used as part of the operations of WA Inc. Let me refer in the time which remains to a letter signed by the solicitors for the Government. Is that good enough authority or not? A few minutes ago the Premier denied that on 23 June 1988 he made an arrangement relating to the SGIC's funds. The Premier denied that.

Mr Peter Dowding: You heard what I said, and you rejected it.

Mr HASSELL: I know what the Premier said, and I know what he has been saying in public. I know what the Premier said on 6WF. I know how the Premier twists words and conveys misleading and dishonest impressions. This is what the Government's solicitors said to Mr Tony Oates of Bond Corporation Holdings Ltd in a letter dated 26 October 1988 -

We enclose a copy of the "draft response to "BCHL" which is the document agreed between the Premier and Mr Bond on the morning of Sunday 23 October 1988.

That letter was from the Government's own solicitors and it relates to an agreement affecting the State Government Insurance Commission and its funds. What does that demonstrate? It is exactly the point I have been making since I rose to my feet - that this Government has been dealing with the assets of the SGIC as if they belonged to the Government. What is the present position of the SGIC? It is in an almighty mess. The SGIC board must necessarily wonder what position it has been left in. Where has the board been left? Over a long course of time this Government has dealt with the instruments of this State as if they were available for disbursement for the purposes of the Government. First of all we had the State Superannuation Board. What were its total losses?

How many tens of millions of dollars of superannuation funds were lost by the dealings of Mr Len Brush, the political stooge of the Labor Party? How many tens of millions of dollars were lost because those funds were misused? They were misused as part of the grand design, with all the schemes for business involvement of the Labor Government. However, they preceded the present Premier. But look at what has happened under the present Premier. We always hear talk about, "You can't blame Peter Dowding because it was done by Brian Burke." Let me tell the House that Peter Dowding leaves Brian Burke in the shade; Brian Burke is beginning to look good. The actions of the present Premier are unbelievable. That is the problem we have, because ordinary people cannot believe that a Premier and a Treasurer would do the things that this Government has done. It is just unspeakable and unbelievable that we have a Government which has entered into a deal in a private meeting with Bond Corporation relating to the funds of the SGIC, and then the evidence is created afterwards. Then they have the meetings of the board of the SGIC and the investment committee. There are yards of answers here - I have them from the Attorney General in the upper House - about how they operate. Look at question 307. There are great long answers about normal commercial transactions, investments, management groups, committees, and meetings and minutes. Where does that mention that on 23 October 1988, on a Sunday morning, the Premier had a private meeting with Mr Bond and made a determination that the moneys of the SGIC would be used in a particular way? The evidence is on the table. This Government is responsible for the present position of the SGIC. I question where the board has been left. What kind of condition has it been left in? How the Government can sit there while this has gone on is beyond my comprehension. We know about the Minister who has just returned to the House and his letter of undertakings, which he cannot remember and cannot find.

He cannot remember and cannot find the arrangement. Well, Mr Speaker, I have said in the House before about the letter of undertaking that the Minister had an opportunity to say whether the letter exists or not.

[Leave granted for speech to be continued.]

Debate thus adjourned.

STATE SUPPLY COMMISSION BILL

Message - Appropriations

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

BILLS (2) - RECEIPT AND FIRST READING

1. Convicted Inebriates' Rehabilitation Repeal Bill

2. Prisoners (Release for Deportation) Bill

Bills received from the Council; and, on motions by Mr Pearce (Leader of the House), read a first time.

[Questions without notice taken.]

House adjourned at 6.01 pm

QUESTIONS ON NOTICE

CREDIT LEGISLATION - REFERENCING
Federal Proposal - State Responsibility

838. Mr TUBBY to the Minister for Consumer Affairs:

If it is not the Government's intention to introduce new credit reference legislation as indicated in answer to question 742 of 1989 -

(a) will the proposed Federal legislation have effect in Western Australia;

(b) if yes, are this State's credit laws now to be determined by the Federal Government;

(c) if yes, why has the Government allowed the Commonwealth to abrogate its responsibility in this area; and

(d) if no, why has the Minister not informed the business community and the public that there is to be no alteration to the manner in which credit referencing is conducted in Western Australia?

Mrs HENDERSON replied:

(a) I understand the proposed Federal legislation will apply nationally;

(b) legislation to regulate credit transactions and credit providers was passed by this Parliament in 1985. The draft uniform Credit Bill which was circulated to industry and consumer groups for comment at the end of August is intended to be passed by the States and Territories. There is no credit reference legislation in Western Australia;

(c) the Commonwealth made its decision to introduce its own legislation on the basis that it has the constitutional power to do so. Accordingly, State Government enactments which are inconsistent with the proposed Commonwealth law would be invalid to the extent of the inconsistency; and

(d) not applicable.

WESTERN CONTINENTAL CORPORATION - FREMANTLE GAS AND COKE CO LTD
Purchase - Government Assistance

855. Mr MacKINNON to the Deputy Premier:

(1) Did the Government, or any agency of the Government, provide assistance directly or indirectly to Western Continental Corporation or its bankers to assist with that corporation's purchase of Fremantle Gas and Coke Co Ltd.

(2) If so, what was the nature of that support?

(3) Why was support extended?

Mr PARKER replied:

(1) Not to my knowledge, or to that of SECWA. Of course it would have been of comfort to both bidders for Fremantle Gas and Coke Co Ltd - that is, J.N. Taylor and Western Continental Corporation - and their financiers to know that SECWA was a willing purchaser of Fremantle Gas and Coke Co Ltd's principal business operations.

(2)-(3) Not applicable.

BUILDING MANAGEMENT AUTHORITY - CONSTRUCTION OPERATIONS
Income

890. Mr MacKINNON to the Minister for Works and Services:

Would the Minister detail for me the income received by the Building Management Authority for construction operations in 1988-89 which totalled $37 762 872?

Mrs HENDERSON replied:

Construction revenue capital works	$35 063 546
Commonwealth grants subsidies apprentices	77 818
Sundry revenue	600
Transportables and demountables	1 744 781
Construction operations balance from Treasurer's advance from prior year	876 127
Total	$37 762 872

HOUSING - HOMESWEST
Home Purchase Scheme Loans - Approvals

968. Mr LEWIS to the Minister for Housing:

(1) How many Homeswest home purchase scheme loans were approved and taken up during the 1988-89 financial year?

(2) What was the total moneys lent during that financial year specifically for the Homeswest home purchase scheme?

Mrs BEGGS replied:

(1) The total number of loans for all Homeswest schemes was 1 163.

(2) The total amount lent was $61.9 million. This amount does not include moneys lent through the terminating societies.

SWAN BREWERY SITE - REDEVELOPMENT
Delay Costs - Responsibility

971. Mr HASSELL to the Minister for Planning:

(1) Further to question 618 of 1989, who is incurring the construction delay costs referred to as $76 000 a month?

(2) Who is paying those costs?

(3) Are those costs occasioned by industrial action?

(4) If so, by what union or unions?

(5) What are the total delay costs occasioned by industrial action to date?

(6) What are the total delay costs occasioned by Federal interference under Commonwealth legislation to date?

(7) Is the Commonwealth still involved in the matter?

(8) If so, in what way?

Mrs BEGGS replied:

(1) LandCorp as the project manager.

(2) LandCorp.

(3) See (5).

(4) Construction, Mining and Energy Workers Union.

(5)-(6) It is impossible to isolate the costs attributable to industrial action. Declarations by the Federal Minister for Aboriginal Affairs under the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 and a current State Government submission under its Aboriginal heritage legislation have contributed to the fact that no work has been carried out since 23 March 1989.

(7) No.

(8) Not applicable.

HOUSING - HOMESWEST
Dewey and Barbican Streets - Property Purchase

977. Mr MacKINNON to the Minister for Housing:

(1) When did Homeswest purchase properties in Dewey Street and Barbican Street in Riverton?

(2) What amount was paid by Homeswest for this land?

(3) Does Homeswest still own the land?

(4) What buildings are now located on these properties and for what purpose are they being used?

Mrs BEGGS replied:

(1) Homeswest purchased five properties in December 1984.

(2) The land was purchased for -

Lot 864 $ 70 000
Lot 865 $ 81 000
Lot 60 $149 905 (previously Lots 101, 102, 866).

(3) Homeswest owns lot 60. Lots 864 and 865 were sold in August 1988 for $241 000 to Smith Property Holdings Pty Ltd.

(4) Lot 864 and lot 865 contain 22 two bedroom units of private rental accommodation. Lot 60 contains 20 aged persons units.

TRAFFIC SIGNALS - AUGUSTA STREET-HIGH ROAD INTERSECTION
Willetton - Installation

978. Mr MacKINNON to the Minister for Transport:

(1) Is the Government proposing to install traffic signals at the intersection of Augusta Street and High Road in Willetton?

(2) If so, when is it anticipated these traffic signals will be installed?

(3) What will be the cost of this installation?

(4) What is the reason for the decision to install traffic signals at this location?

Mr PEARCE replied:

(1) No.

(2)-(4) The Main Roads Department investigations show that the provision of traffic signals at this intersection cannot be justified.

WESTERN AUSTRALIAN EXIM CORPORATION - ANNUAL REPORTS 1988
Share Listing - Subsidiary Investments, Retainment

991. Mr MacKINNON to the Premier:

(1) Of the share listed under note 12 (i) in 1988 accounts of Western Australian Exim Corporation on page 2 of its annual report, which investments in subsidiaries listed under that note are still retained by Exim or some other agency of Government?

(2) If those agencies are still held by Exim or some other agency of Government, would the Premier list the agency within which that shareholding is now contained?

Mr PETER DOWDING replied:

(1) Western Australian Investment Advisory Services.

(2) Ministry of Economic Development and Trade.

WESTERN AUSTRALIAN EXIM CORPORATION - ANNUAL REPORTS
June 1989 - Completion

993. Mr MacKINNON to the Premier:

(1) Have the annual accounts of Western Australian Exim Corporation been completed for the year ended 30 June 1989?

(2) If not, why not?

(3) If they have been completed, when is it anticipated that they will be released?

Mr PETER DOWDING replied:

(1) The annual accounts were submitted to the Premier and the Auditor General on 31 August 1989 as per the Financial Administration and Audit Act.

(2) Not applicable.

(3) As a statutory authority, the Auditor General has three months to complete the audit on Exim's annual accounts. The annual report will be released within 21 days of receiving the Auditor General's report.

HEALTH DEPARTMENT - FILM BADGE MONITORING SERVICE CHARGES
Increase

997. Mr MENSAROS to the Minister for Health:

(1) Is it a fact that the Health Department's film badge monitoring service charges have been increased by 20 per cent as from 1 July 1989?

(2) Is this increase in line with the Government's often repeated public undertaking that increases in fees and charges will be kept within the level of inflation?

(3) Apart from adhering to or violating Government's undertaking, has consideration been given to how small business can cope with such increases?

Mr WILSON replied:

(1) Yes.

(2) Charges related to these services are outside the commitment by the Government, as part of its "Family Package", to keep increases in charges within the level of inflation.

(3) The increases reflect a move towards a user pay policy of full cost recovery, which is doubtless a principle embraced by small business in its own service provision. However, departmental officers are working on means to minimise the impact of these increases on small businesses.

HOUSING - HOMESWEST
Housing Development, Metropolitan Area - Land Purchase Policy

1008. Mr STRICKLAND to the Minister for Housing:

(1) Does Homeswest have a policy on land purchase for housing or unit development in the metropolitan area?

(2) If so, what is it?

(3) Is there a Budget allocation for land purchase and how much is it?

(4) What relevance do -

(a) price;

(b) location; and

(c) land area -

play in any decision to purchase land?

(5) What criteria are used to establish the need for land purchase?

(6) What is the approximate ration of land cost to accommodation cost for -

(a) housing development;

(b) unit development; and

(c) flat development

for both a purchase or rental situation?

Mrs BEGGS replied:

(1) Yes.

(2) Homeswest policy on land purchase has three strategic elements -

(a) Acquiring land which is suitable for development in terms of the State Planning Commission's preferred strategy for the development of the Perth metropolitan area;

(b) acquiring broadacre land to ensure both present and future demand from first home buyers, rental customers and seniors can be accommodated in terms of quantity and location; and

(c) acquiring land for Homeswest customers through urban consolidation and redevelopment to take advantage of existing infrastructure including both engineering infrastructure such as water and sewerage and social infrastructure such as schools and community facilities.

(3) Yes, $36.6 million.

(4) (a) Price is relevant with all purchases supported by valuation;

(b) location is relevant with all purchases assessed in terms of the State Planning Commission's preferred strategy, zonings, Homeswest existing holdings, relationship to existing infrastructure and demand projections; and

(c) land area is relevant in terms of the yield which could be expected from the site.

(5) Criteria used to establish the need for land purchase include -

(a) Demand as identified from Homeswest waiting lists for rental accommodation;

(b) demand from first home buyers;

(c) the need to maintain an optimal mix of public/private housing - currently 1 in 9 - in Homeswest subdivisions; and

(d) demand for special groups such as seniors, singles and the disabled.

(6) Wide variations exist between suburbs but approximate averages of land content for both rental and purchase are as follows -

Housing	18 to 27 per cent
Units/flats	nine to 33 per cent.

PETROCHEMICAL PROJECT - BOND CORPORATION

Minister for Economic Development and Trade - Letter of Assurance

1010. Mr COURT to the Minister for Economic Development and Trade:

(1) Did the Minister provide a letter of assurance to Bond Corporation on 3 June 1988 in relation to the petrochemical project?

(2) If yes, was this letter a part of the negotiations taking place between the Government, the State Government Insurance Commission and Bond in relation to the SGIC's Bell shares and funds required for the Rothwells rescue?

(3) If yes, what were the final details of these arrangements?

(4) Will all the relevant papers be tabled?

Mr GRILL replied:

(1)-(4)

As already indicated in answer to questions without notice, I cannot recall or locate such a letter.

EDUCATION - TEACHERS
Resignations - Leave Applications

1014. Mr McNEE to the Minister for Education:

(1) How many teachers have resigned each year between the years of 1980-89 inclusive?

(2) How many teachers have applied for long service leave on half pay between the years of 1985-89 inclusive?

(3) How many teachers have applied for leave without pay for extended periods during the years 1985-89 inclusive?

(4) How many teachers have been refused leave because there was no replacements available for the years 1987-89?

(5) What is the average number of sick days taken each year by each teacher for the years 1985-89 inclusive?

(6) What is the percentage of teachers under the age of 30; between 30 and 40; between 40 and 50; and above 50 years of age for the years -

(a) 1980;

(b) 1985; and

(c) 1988?

(7) How many new teachers have graduated each year in this State and what qualifications do they hold for the years -

(a) 1980; and

(b) 1985-89 inclusive?

(8) How many graduates have applied to the Ministry for employment -

(a) in 1980; and

(b) 1985-89 inclusive?

(9) How many of these applicants were offered employment by the Ministry -

(a) in 1980; and

(b) 1985-89 inclusive?

(10) How many of these applicants accepted employment with the Ministry -

(a) in 1980; and

(b) 1985-89 inclusive?

(11) What were the tertiary entrance requirements for teaching courses at the different tertiary institutions for -

(a) 1980; and

(b) 1985-89 inclusive?

(12) How many students commenced tertiary studies in teaching courses in -

(a) 1980; and

(b) 1985-89?

(13) How many teachers do not hold teaching qualifications for -

(a) 1980; and

(b) 1985-89?

Dr LAWRENCE replied:

(1) Number of permanent teachers leaving the service 1979-80 - 1987-88 -

1979-80	417
1980-81	444
1981-82	481
1982-83	443
1983-84	392
1984-85	409
1985-86	495
1986-87	434
1987-88	355

Note: The figures for 1988-89 are not yet available.

(2) The number of teachers who have applied for leave on half pay between the years 1985-89 is tabulated below -

B. Secondary Division

	Semester 1	Semester 2	Whole Year	Total
1985	40	75	67	182
1986	41	71	64	176
1987	32	98	106	236
1988	31	74	129	234
1989	40	80	79	199

(3) The number of teachers who have applied for leave without pay for extended periods during the years 1985-89 is tabulated below -

	12 Months Leave Without Pay			
	Primary	Secondary	Educ Services	Total
1985	136	109	16	261
1986	162	127	19	308
1987	206	135	21	362
1988	248	176	23	447
1989	244	161	32	437

Other periods of leave without pay are granted on medical or compassionate grounds when the need arises. The figures do not include approximately 1 500 teachers on maternity leave.

(4) No teachers have been refused long service leave or 12 months leave without pay because there was no replacement available.

(5) Specific data for individual teachers is available on a manual record system. A random sample was analysed and the average number of sick days per year taken by teachers from the sample was -

1985	4.92 days
1986	4.24 days
1987	3.95 days
1988	5.59 days
1989	2.98 days (to 19 September 1989)

(6)

Age Group	Percentage of Teachers		
	1980	1985	1988
Under 30	47%	33%	26%
30 - 39	30%	37%	40%
40 - 49	15%	21%	25%
50 and over	8%	9%	9%

(7) Not available. The question has been referred to the WA Post Secondary Education Commission.

(8) (a) 1980 - 1 285; and

(b) 1985 - 1 105
1986 - 1 072
1987 - 1 041
1988 - 979
1989 - 1 077
1990 - 1 030

(9) Offers of employment to graduates are not recorded. However, the number of offers is very close to the number of acceptances detailed in (10).

(10) (a) 1980 - 732; and

(b) 1985 - 724
1986 - 705
1987 - 671
1988 - 667
1989 - 672

(11) Not applicable. The question has been referred to Tertiary Institutions Service Centre.

(12) Not available. The question has been referred to the WA Post Secondary Education Commission.

(13) Cumulative historical records are not available as the employment of teachers without teaching qualifications is on a temporary, annual contract only.

1989 - Teachers	98
Total full time equivalents	48.65

TRADE UNIONS - TEACHERS' STRIKE
Union Meeting Attendance Time - Deductions

1023. Mr HASSELL to the Minister for Education:

(1) Further to question 905 of 1989, is time spent attending union meetings regarding industrial action regarded as time in respect of which a deduction should be made?

(2) What are the problems of gaining information for deductions to be made?

(3) Has there been any refusal by schools to provide requisite information?

(4) What is the estimate of the Minister's department of the percentage of appropriate deductions that have been made?

Dr LAWRENCE replied:

(1) Teachers involved in stop work meetings would have salary deductions made for the time lost from teaching duties. Variations to school timetables are approved at the discretion of the principal. Should a lunchtime union meeting extend beyond the normal time for commencement of classes the principal may approve the variation.

(2) To date no problems have been experienced in gaining information which enables deductions to be made.

(3) No.

(4) With respect to the strike on 31 July, a return has not been received from two schools and one return has gone astray. Action is being taken to have these returns presented. With the stop work meetings and rolling strikes the returns are being received progressively.

WASTE DISPOSAL, INTEGRATED UNIT - HEALTH BUDGET ALLOCATION
Details

1028. Mr AINSWORTH to the Minister for Health:

(1) What does the $4.5 million allocation in the Health budget for an integrated waste disposal unit represent?

(2) Is this waste disposal unit for dangerous chemicals to be part of, or adjacent

to, a nuclear waste disposal unit to cater for nuclear waste from the Rhone Poulenc mineral sands operation or any other nuclear waste?

(3) Where will this waste disposal unit for dangerous chemicals be situated?

Mr WILSON replied:

(1) $4.5 million will allow -

(a) design and construction of roadworks to the facility; and

(b) design, to the stage of calling for tenders, of the facility itself.

(2) The integrated waste disposal facility consists of -

(a) a high temperature incinerator to dispose of chemicals which cannot be disposed of by burial or other means; and

(b) an area for the burial of low level radioactive waste on the site.

The public environmental report sets out the details of the facility. A copy of the EPA's report and recommendations on the PER is attached.

[See paper No 435.]

(3) Mt Walton, 60 kilometres north of Jaurdi Siding, approximately equidistant between Coolgardie and Southern Cross.

FISHING - MANDURAH FISHERY
Fishermen - Harvesting Study

1030. Mr NICHOLLS to the Minister for Fisheries:

(1) How many studies have been carried out on the fishery being harvested by fishermen originating from Mandurah?

(2) What are the indications of such studies?

(3) What monitoring programs are in place or planned for the future, focusing on fish stocks within that area?

Mr GORDON HILL replied:

In answering these questions, I have assumed the member is referring to the Peel-Harvey Estuary fished principally by Mandurah resident fishermen.

(1) There has been a continuous program of research on the fish and the fishery between April 1979 and March 1982 specifically related to the Peel-Harvey Estuary study. Subsequent to this, research has continued into the economically important fish and crustaceans. Consultants have also studied the effect of residential canal developments on the movement of fish between the estuary and the ocean.

(2) I will provide the member with a bibliography of research papers relating to the fishery and fish of the Peel-Harvey Estuary.

(3) The Fisheries Department undertakes an ongoing monitoring program of commercial estuarine fish catches using a combination of fishermen's monthly catch data and research log book information.

HEALTH - HOSPITALS
Mandurah Residents - Accommodation Statistics

1031. Mr NICHOLLS to the Minister for Health:

(1) How many Mandurah residents have been accommodated in the following hospitals, in 1989 to date -

(a) Mandurah Hospital;

(b) Murray Districts Hospital;

(c) Rockingham Hospital;

(d) Fremantle Hospital;

(e) Royal Perth Hospital;

(f) Sir Charles Gairdner Hospital; and

(g) any private hospital?

(2) What are the numbers for (1), in 1988 - excluding (1) (a)?

(3) How many people in Western Australia are on waiting lists for medical attention?

Mr WILSON replied:

(1) Accurate figures for 1989 showing the postcode areas from which patients are drawn will not be available until next year, when all the data have been received from the relevant hospitals and incorporated into the morbidity system.

(2) (a) Not applicable;
(b) 1 999;
(c) 362;
(d) 936;
(e) 367;
(f) 324; and
(g) 717.

(3) As at 30 June 1989 there were 8 186 people on the teaching hospitals waiting list waiting for elective medical or surgical treatment.

HEALTH - REPATRIATION HOSPITALS

Government Transfer Discussions - State Health Department

1037. Mr HASSELL to the Minister for Health:

(1) Are discussions proceeding between the State Government and the Commonwealth on the transfer of the Repatriation Hospital to the State Health Department?

(2) If so, at what official level?

(3) What is the progress so far?

(4) What principles are in issue?

Mr WILSON replied:

(1) No. Discussions will not proceed until the outstanding concerns of the Returned Services League about the proposed integration have been resolved by the Commonwealth Government and the RSL.

(2)-(4) See above.

HEALTH ACT REGULATIONS - REVIEW

1039. Mr HASSELL to the Minister for Health:

(1) How long is it since the Health Act regulations were reviewed and upgraded?

(2) Are they currently being redrafted?

(3) If not, why not?

(4) If not, when will they be reviewed?

Mr WILSON replied:

(1) There are 60 separate sets of regulations - including model by-laws - made under the Health Act 1911 which are subject to continuous review and upgrading as necessary. Among those regulations recently reviewed are the Health (Licensing of Liquid Waste) Regulations 1987; Health Food Standard (General) Regulations 1987; Piggeries Regulations 1952; and Health Act (Pesticides) Regulations 1956.

(2)-(3)
See (1).

(4) All regulations made under the Health Act will be reviewed following review of the Health Act itself which is to be commenced in the near future.

FINANCIAL ADMINISTRATION AND AUDIT ACT - ANNUAL REPORTS TABLING
Outstanding Reports

1041. Mr MENSAROS to the Speaker:

In view of the reply by the Treasurer to my question 640 of 1989, will the Speaker please inform the House of the annual reports of Government departments and agencies which were not tabled in Parliament within the time limit allowed by the Financial Administration and Audit Act and how many are outstanding for tabling -

(a) for over 12 months;

(b) between nine and 12 months;

(c) between six and nine months;

(d) between three and six months; and

(e) up to three months?

The SPEAKER (Mr Barnett) replied:

I do not have the information that the member is seeking, nor do the officers of the House. If the member is seeking information relating to sections 64 and 69 of the Financial Administration and Audit Act it would be more appropriate to address this question to the Premier as he is ministerially responsible for the Office of the Auditor General, which monitors the reporting by departments and agencies to Parliament.

STATE GOVERNMENT INSURANCE COMMISSION - WHITLAM TURNBULL
Advisers - Appointment Date

1046. Mr MacKINNON to the Premier:

(1) When was Whitlam Turnbull formerly appointed as adviser to the State Government Insurance Commission?

(2) What advice did Whitlam Turnbull give the SGIC about the deposits held by the SGIC and Spedleys?

Mr PETER DOWDING replied:

(1)-(2)
These are matters for the SGIC.

ABORIGINAL AFFAIRS - NYOONGAH ABORIGINAL COMMUNITY COLLEGE
Government Support

1047. Mr MacKINNON to the Minister for Aboriginal Affairs:

(1) What support, if any, does the Government give to the Nyoongah Aboriginal Community College?

(2) Is the school open to all children living in that particular area?

(3) If not, why not?

Dr LAWRENCE replied:

(1) None. I understand that this is a Commonwealth funded project through the Federal Department of Education, Employment and Training.

(2)-(3)
I suggest that questions in relation to the operation of the college be addressed to either the relevant Commonwealth Minister or the college itself.

SWAN BREWERY SITE - ABORIGINAL CULTURAL MATERIAL COMMITTEE
Work Approval - Minister's Notice

1048. Mr MacKINNON to the Minister for Aboriginal Affairs:

(1) Has the Minister issued a notice to the Aboriginal Cultural Material Committee seeking approval for work to be carried out on Reserve 39880 - the old Swan Brewery site?

(2) If so, when was that request made?

(3) Will the Minister detail for me the work for which the Minister has sought approval?

(4) Within what time has the Minister requested the Aboriginal Cultural Material Committee to report to the Minister?

(5) Under the legislation, is the Minister bound to accept the recommendation of the committee with respect to this work?

(6) Has the Aboriginal Cultural Material Committee acted on the Minister's notice?

(7) If so, who has been invited to make representations to the Aboriginal Cultural Material Committee about this proposed development?

(8) What time has been allocated to those groups invited to make submissions for the development?

Dr LAWRENCE replied:

(1) Notice was given to the Trustees of the Western Australian Museum by the Minister for Works and Services seeking approval for work to be carried out on Reserve 39880.

(2) On 27 July 1989.

(3) The work includes replacement of street lighting, internal improvements of the existing tunnel, restoration of the existing sea wall, securing of lot 985 by fencing, installation of sewer rising main, sewerage reticulation and stormwater reticulation.

(4) The Minister has asked that the matter be considered as required under section 18 of the Aboriginal Heritage Act as expeditiously as possible. I have sought the trustees' response to be with me as a matter of urgency.

(5) Under section 18 of the Act I am required to consider the trustees' recommendation and, having regard for the general interest of the community, make a decision concerning the proposal.

(6) The notice is currently being considered.

(7) Information in relation to the Minister's notice has been sought from a considerable number of Aboriginal people who have signed a letter offering their cooperation to the Premier, relevant Ministers, trustees and the Aboriginal Cultural Material Committee. However, numerous attempts have been made since late 1987 to ascertain the significance of the area to Aboriginal people.

(8) To further clarify information obtained over a period of two years, the groups invited to make a written submission in relation to the notice were asked on 31 August 1989 to do so within 14 days. However, consultation with other groups is still proceeding.

DEBT COLLECTORS LICENSING ACT - REVIEW

1057. Mr TUBBY to the Minister for Consumer Affairs:

(1) Is the Debt Collectors Licensing Act currently under review?

(2) If no, is it the intention of the Government to review this legislation?

(3) If yes, what consultation has there been with the industry?

Mrs HENDERSON replied:

(1) No.

(2) Not at this stage.

(3) Not applicable.

STATE GOVERNMENT INSURANCE COMMISSION - PROPERTY DEVELOPMENT PROJECTS

Investments

1064. Mr MacKINNON to the Treasurer:

(1) What property development projects is the State Government Insurance Commission an investor in at present?

(2) In each of the above projects, what is the proportion of equity owned by the SGIC?

(3) In each project, how much did the SGIC's equity investment cost and when was it acquired?

(4) In each project, what are the terms and conditions of the SGIC's involvement in regard to leaseback agreements, interest free investments by other parties, or other such agreements which will affect the financing of the projects?

(5) In each project, what proportion of the development cost is being borne by the SGIC, how much in dollar terms will the SGIC be required to pay and when?

Mr PARKER replied:

(1) Westralia Square stage 1.

(2) The State Government Insurance Commission has a 70 per cent share in (1).

(3) The land in the Westralia Square stage 1 development was purchased in December 1988 and a building development agreement was signed in March 1989. The total equity of the SGIC share in the project will cost $167.3 million when the building is completed in February 1991.

(4) There are no leaseback agreements, interest free investments by other parties, or other such agreements affecting the 70 per cent financing of the project by the SGIC.

(5) The SGIC met 70 per cent of the purchase of land and is meeting 70 per cent of the development and construction of one building, which is $167.3 million made in progress payments according to the development agreement.

WESTRALIA SQUARE PROJECT - CONSTRUCTION STAGE

Funding

1066. Mr MacKINNON to the Treasurer:

In the Westralia Square project currently under construction on St George's Terrace -

(a) what stage has the construction reached;

(b) who has provided the finance for whatever construction has been done so far; and

(c) who is the beneficial owner of whatever construction has occurred so far?

Mr PARKER replied:

The Westralia Square project occupies a large area encompassing many lots between St George's Terrace and Mounts Bay Road. Government involvement in construction on this site is limited to an 18 storey office block of approximately 32 700 square metres on a freehold title adjoining Mounts Bay Road, known as Westralia Square stage 1. With respect to this construction the following information is provided -

(a) bulk earthworks, diaphragm walls and foundation excavation complete; raft foundations almost completed; and

(b)-(c)
State Government Insurance Commission, 70 per cent; and Government Employees Superannuation Board, 30 per cent.

PETROCHEMICAL PROJECT - STATE ENERGY COMMISSION
Dempster and Connell - Subordinated Loans Offer

1069. Mr COURT to the Minister for Fuel and Energy:

(1) Did State Energy Commission of Western Australia offer subordinated loans as an incentive for Mr Dempster and Mr Connell to proceed with a petrochemical project?

(2) If yes, when were these loans offered?

(3) What was the value of these loans?

Mr CARR replied:

(1) No.

(2)-(3)
Not applicable.

STATE GOVERNMENT INSURANCE COMMISSION - BELL SHARES
Bond Corporation, Indemnity - Wran, Mr; Whitlam, Mr, Negotiations Instruction

1070. Mr COURT to the Premier:

(1) Has the State Government Insurance Commission instructed Mr Wran and Mr Whitlam to handle negotiations with Bond Corporation in relation to the indemnity Bond Corporation has given to the SGIC in relation to its Bell shareholding?

(2) If yes, have any meetings taken place this week between Mr Wran, Mr Whitlam and Bond Corporation officials in relation to this matter?

Mr PETER DOWDING replied:

(1)-(2)
These are matters for the SGIC.

STATE GOVERNMENT INSURANCE COMMISSION - BELL SHARES
Bond Corporation, Indemnity - Negotiations, Ministerial Involvement

1074. Mr COURT to the Premier:

What Ministers were involved with the negotiations that took place on 3 June 1988 which resulted in Bond Corporation giving an indemnity to the State Government Insurance Commission in relation to its shareholding in Bell?

Mr PETER DOWDING replied:

This matter is the subject of litigation. I therefore do not wish to canvass matters which might jeopardise that litigation.

QUESTIONS WITHOUT NOTICE

ROTHWELLS LTD - STATE GOVERNMENT INSURANCE COMMISSION
Government Payment - Whitlam Turnbull, Legal Advice

157. Mr MacKINNON to the Premier:

(1) Was the amount of $436 037, referred to in question 879 of 19 September, paid by the Government to the State Government Insurance Commission as a contribution towards the cost of engaging legal services to provide financial advice on the position regarding Rothwells Ltd, a payment in part, or in full, to Whitlam Turnbull?

(2) If it was in part, to whom was the balance of the funds paid?

Mr PETER DOWDING replied:

(1)-(2)

As I said earlier today, I can really understand the need for a thick skin as a member of Parliament in that the Opposition has taken, and made into an art form, the use of innuendo and smear. That is not only against people on this side of the House, but to anyone who provides professional services to the Government or its agencies. The member for Cottesloe, who, as always, tends to go over the hill, is now using disparaging words against the board of the SGIC and making the most extraordinary leaps as he thinks that saying something often enough makes it true; it does not.

It is important to say this when we listen to the question from the Leader of the Opposition because what we see is not a search for information or a desire to protect the interest of the taxpayers, but an effort to disparage perfectly proper professional relationships between the party concerned and the Government. The answer that the Leader of the Opposition does not want, because it does not give him any justification for criticism of the Government, SGIC or the professional firm concerned, is that the Government and the SGIC contributed towards the fees of Whitlam Turnbull for the work rendered to the SGIC. Some of the work was done in representing the Government's interests; some of the work was done to represent the SGIC's interest; and some work was done to represent mutual interests, and on that basis it was thought commercially appropriate from a point of view of propriety for the Government to make some contribution.

ART - LOUIS ALLEN COLLECTION OF ABORIGINAL ART
Government Purchase - Opposition Spokesman for the Arts, Criticism

158. Dr ALEXANDER to the Minister for The Arts:

Is the Minister aware of criticisms made by Opposition spokesman for the arts, Hon Phil Pendal, in August of last year and again earlier this week over the Government's purchase of the Louis Allen collection of Aboriginal art? Has the Minister any information he can offer the House to clarify this issue?

Mr PARKER replied:

I thank the member for Perth for some notice of this question because it enables me to demonstrate once again exactly the truth of what the Premier has been saying this afternoon, and on other occasions, about the Opposition's attempts to denigrate people - be it the Government or those involved in collections purchased by the State - and about its ability to make unfounded accusations and assertions.

Wild and uninformed statements were made by Hon P.G. Pendal last year when he said that the collection had been hawked around the United States for $300 000 and no-one was interested in it. On Monday of this week he was alleging that I was a failure as Minister for The Arts after paying too much for the collection. The first point he got wrong was that I was not the person involved in the decision to do that. Putting that aside he delighted in describing me as a hick town amateur and claimed I was the laughing stock of the Australian arts world. We will see who is the laughing stock because in stark contrast to these irrational assertions I have before me a statement from Louis Allen in which he categorically denies having made any offer to Dr John Stanton. In fact, he goes so far as to state that he had no contact with or had any personal knowledge of Dr Stanton of the University of Western Australia during the time his collection was offered for sale.

I do not intend to read the entire document because I will seek leave to table it at the end of my answer. However, it is necessary to say that Louis Allen states unequivocally that the collection was priced at $US1.7 million and that several United States, Australian and Japanese institutions were actively considering purchasing at that price.

Mr Peter Dowding: Members opposite hate you buying Aboriginal art. They have never liked Aboriginal people. They spend their time in office trying to be tough on them.

Mr PARKER: Since I have been asked a question by the member for Marmion I advise him that when we came into Government the Western Australian Art Gallery was buying hardly any Western Australian art. It has only been in the last three or four years that the gallery has made a practice of devoting a considerable proportion of its funds to buying Western Australian art and Aboriginal art.

Unlike the previous Government, the Chicago University art gallery bought one of the pieces contained in the exhibition titled "Scougall Bark" which was named after a distinguished collector of these items. That one item which the University of Chicago purchased would make a small proportion of this collection worth on its own $US1.6 million. Far from the position that Hon Phil Pendal takes that the collection is not all it is cracked up to be, Mr Allen cites in the document I will table distinguished authorities as to both its historical, anthropological and cultural significance. "Philistine Phil" who does not make any effort to check his facts is the person who is the laughing stock at the moment.

Withdrawal of Remark

The SPEAKER: Order! Before the Minister tables the document I point out to him that it is not really proper to refer, in a disparaging way, to a member from another place. It is a practice which we have been trying to stamp out in the Legislative Assembly and I would appreciate Minister's cooperation.

Mr PARKER: I accept your ruling and perhaps we could communicate the same information to members in another place.

Several members interjected.

Mr PARKER: I withdraw my remark.

Questions without Notice Resumed

Mr PARKER: I table the document which proves the truth of what I have said.

[See paper No 436 .]

MINING - MINE SAFETY

Mines Department Responsibility - High Standard, Irrefutable Evidence

159. Dr TURNBULL to the Minister for Mines:

My question concerns the subject of safety in the mines being the responsibility of the Mines Department. I ask -

(1) Why has the mining industry not received support from the Government and the Minister for Mines in calling for the inspection and management of safety in all mines through the Mines Department when there is irrefutable evidence that safety in mines in Western Australia is of a high standard?

(2) Why have attacks by Trades and Labor Council officials on the integrity of the Mines Department and the professional reputations of the officers of that department gone unchallenged by the Minister?

(3) Was Len Gandine, the President of the TLC, correct in his claim that the move to bring the Mines Department under Department of Occupational Health, Safety and Welfare is Government policy?

(4) What action does the Minister intend to take on these serious matters?

Mr CARR replied:

(1)-(4)

The proposal to retain the responsibility for mine safety within the Mines Department is not irrefutable. A considerable debate, in which both sides are

represented, is taking place. It is not right to say that such a position is irrefutable.

With regard to the defence of the mining industry by me and with regard to the claim made by the member that the remarks made by the President of the TLC have not gone unanswered, I have today issued a Press statement which is couched in strong terms and which defends the integrity, the performance and the role carried out by the engineering division of the Mines Department. That division has performed its task creditably and I have said so in a number of forums, on a number of occasions, and I have said so in a Press statement today.

Cabinet is presently considering the question of Government policy and there is a proposal that there be a transfer of that responsibility from the Mines Department to DOSHWA. That matter is being considered and when a decision has been made it will be announced.

DAYLIGHT SAVING - OPPOSITIONS' REJECTION
Government Alternatives

160. Dr GALLOP to the Premier:

Given the rejection by the Opposition parties to the proposal for daylight saving would the Premier advise whether the Government is considering any alternatives to that proposal?

Mr PETER DOWDING replied:

The Leader of the Opposition loves a poll if he wins it and he hates a poll if he loses it. He hates the election because he lost it; he hated the Westpoll on whether I should be here or not because he lost it; he loved the *Daily News*' report of the Channel 10 poll because it looked as though I had lost and he had won and when the outrage of the public was so great that the poll was almost reversed by the Labor supporters working in the afternoon and not in the dead of night, he rejected it.

Several members interjected.

Mr PETER DOWDING: I have never placed much store by these polls.

Several members interjected.

Mr PETER DOWDING: That is a very uncharitable thing to say; surely the member does not believe that.

The interesting thing is that although I do not set much store by these polls I understand that some 40 000-plus people telephoned a television station in relation to the latest poll about daylight saving. An overwhelming majority of people were absolutely committed in favour of daylight saving.

I am interested, but not surprised, by the very substantial amount of calls and support that I, my office and other people have received for the Government's proposal to have a reasonable debate about daylight saving. One assumes that because of internal problems within the Liberal Party it was not prepared to have that sort of reasonable debate in another place. The interesting thing is that even the Leader of the Opposition is beginning to have second thoughts about it. He said that the Liberal Party would reconsider the matter, in due course, should there be a clear demonstration of a change in the public's ideas on the issue.

I would have thought that since the Leader of the Opposition was so enamoured with the television polls he would take notice of the clear outpouring of public attitude in the Channel 10 poll.

Mr PETER DOWDING: I would also say -

Mr Kierath interjected.

The SPEAKER: Order! I suggest to the member for Riverton that he either be very quiet for the next 10 minutes or disappear altogether from the Chamber.

Mr PETER DOWDING: In addition the Western Australian Chamber of Commerce and Industry Incorporated expressed the following view -

> There has been an angry reaction from Western Australian business over the defeat of the Daylight Saving Bill in the Upper House of State Parliament by the Opposition Parties.

Mr Cowan: Is this the Government's getting its foot back in the door of business campaign?

Mr PETER DOWDING: No.

Mr Cowan: The Premier can do better than that.

The SPEAKER: Order!

Mr PETER DOWDING: The media release from the WA Chamber of Commerce and Industry (Inc) continued -

> "Whatever the politics of the situation might be, the simple reality is that without daylight saving in Western Australia, the effective number of hours for business communication with the rest of Australia is reduced to three hours or less over the summer months", said Mr Barnett.
>
> "This is a real cost to business and an impediment to the efficient conduct of business in the State."

The release continued later -

> "With the rest of Australia (including Queensland) having opted for daylight saving it is both ludicrous and costly for Western Australia not to follow-suit and to thereby add to our natural geographic isolation by a three hour time difference."
>
> Quite apart from the problems created for business, it is also clear that a large percentage of people support the introduction of daylight saving for the social benefits it provides.

We are one of the few portions of the few countries in the western world that do not have daylight saving. I was astounded to learn that of all the States of the United States of America only two and half of Indiana do not have daylight saving. I make the point that the Opposition, like the dinosaurs knitting their jerseys for the cold weather to come, is irrelevant and out of step with the majority of thinking in this State and out of step with the business community in this State.

FREEDOM OF INFORMATION BILL - GOVERNMENT ATTITUDE

Support

161. Mrs EDWARDES to the member for Cottesloe :

> Has the member for Cottesloe seen reports of the Government's attitude to the Freedom of Information Bill and does it appear that the Bill will be supported?

Mr HASSELL replied:

> I thank the member for Kingsley for some notice of her question and compliment her on the excellence of its drafting. I could not believe my eyes when I read the newspaper this morning and saw what the Minister for Justice, Mr Smith, had said about the freedom of information legislation. I stood here last night for about three quarters of an hour to introduce a comprehensive, independently drafted, Freedom of Information Bill which was totally responsible in its turn and which was cautious in dealing -

Mr Parker: Drafted on your instructions.

Mr HASSELL: Yes, it was independently drafted, that was all I said. The Bill was very cautious and sensible in its approach and did not seek in any way to embarrass the Government if it came into operation. Before the Minister for

Justice had had time to read the Bill - and he could not have possibly read it in time to get into the late edition of *The West Australian* - he said that the Government would introduce a freedom of information Bill next year. The Government promised a freedom of information Bill in 1982, 1983, 1985 and 1986, but it has not honoured those promises.

Now it will say to the public of Western Australia that it will reject or refuse to debate the Bill - because we cannot debate a Bill unless we get a message, on the basis of your ruling, Mr Speaker. If we do not get a message we will not get a chance to debate the Bill even though the Minister said last night that he wanted to have a sensible debate. Before the ink is dry on the paper the Government has rejected the Bill. If that is not opposition for opposition's sake, I do not know what is.

CONSERVATION COUNCIL SYMPOSIUM - ENVIRONMENT
Results

162. Mr LEAHY to the Minister for Environment:

Is the Minister aware of a recent Conservation Council symposium on the environment and, if so, can he report to the House on the results of that symposium?

Mr PEARCE replied:

I am advised that as part of a strategy of trying to green up the Opposition the Deputy Leader of the Opposition told an ACF Conservation Council symposium on the environment early this year that he was proud of the Liberals' record on conservation and environment when in Government. In the past few days we have seen efforts to rewrite history with regard to the North West Shelf after I, and many other front benchers, sat through day after day, week after week, of trying to prise secret details of that project out of an unresponsive Government.

In the past few days that has become an open and public process in the eyes of the Opposition. It is a characteristic of totalitarian parties that they spend much time trying to rewrite history to match their view of the world on any given day. The efforts with the North West Shelf pale into insignificance in the face of that claim on conservation and environment. I and many others who sat through the years of the Court Government can remember the sneer that came on to the face of the then Premier, Sir Charles Court, whenever the word "environmentalist" passed his lips. He advocated that environmentalists should be run over by steam rollers.

The former Premier quoted with great glee on many occasions the words of the former president of the Port Hedland Shire Council who when asked about the environmental impact of a huge iron ore stockpile on the edge of the town which caused a vast cloud of dust to blow over what is the present Premier's back yard, forcing people to build a new town nine miles to the south said, "We will complain about the pollution when the dust clogs the cash registers." That was the environmental policy of the Liberals in those days.

That was the Liberal Government which presided over the degradation of the Peel-Harvey estuary when we almost lost one of the most important inland waterways in the State. That is the Government that presided over the loss of square miles, not just hectares, of seagrass bed in Cockburn Sound. One of the things that stands to the great credit of this Government and former Ministers for Environment is the extent to which we have been able to clean up that depredation. That former Government also wanted to build nuclear power stations near Mandurah and Yanchep. That was a Liberal Government whose environmental policy included the logging of the Shannon Basin.

Several members interjected.

The SPEAKER: Order! I ask that there be a few less interjections. I hope that the Minister was about to draw his answer to a close.

Mr PEARCE: I think another couple of minutes will see me through, Mr Speaker.

The SPEAKER: I suggest that another couple of seconds might be better.

Mr PEARCE: That Liberal Government was the one which was proud of clearing a million acres per year which led to some of the huge salinity problems and land degradation problems that this State has. It summarised its years in Government by issuing the Opposition's statement on the environment prior to the last election supporting whaling.

WESTERN AUSTRALIAN DEVELOPMENT CORPORATION - WINDING-UP
Staff Service Notices

163. Mr COURT to the Premier:

(1) When will the WADC be wound up?

(2) Have the staff at the WADC been given notice that their services are no longer required?

(3) If yes, when will they be completing their service?

Mr PETER DOWDING replied:

(1)-(3)

If the member wants precise details I will have to ask the board of the WADC to supply them. My understanding is that the role of the WADC has been reduced substantially in accordance with my undertaking and direction in relation to this matter.

The WADC will continue to manage some of the investments because I do not think anyone on either side of House would want to see a fire sale of investments. That has required a number of decisions to be made. Western Australian Development Corporation will obviously have to continue to be managed. I have made it clear that the very reduced operations of the WADC will still have some responsibility for some of the functions which will indisputably be of value to the State and which have had bipartisan support.

I cannot give the member the numbers by which the staff has been reduced, but the corporation is in the process of making arrangements to wind down its operations significantly. From my meeting with the board some time ago I know why those things are being put in place. The role of the WADC will be vastly different from what it has been in the past, but it will have some ongoing functions in the very limited role I have described.