

Legislative Assembly

Thursday, the 17th August, 1978

The SPEAKER (Mr Thompson) took the Chair at 2.15 p.m., and read prayers.

NATIONAL COUNTRY PARTY: ALLEGATIONS BY MEMBER FOR MOORE

Press Report: Statement by Speaker

THE SPEAKER (Mr Thompson): I regret having to draw the attention of the House to a report published this morning in *The West Australian* concerning the debate on the motion moved by the member for Stirling calling for a Select Committee to investigate the personal explanation made in the House by the member for Moore last Wednesday. The report is headed, "Crane lied, says MP", and it is continued on another page under a similar heading.

Members will recall that such an accusation was made last evening by the member for Gosnells, and that following a point of order I directed the member not to continue using such language but to moderate his words. Unfortunately no reference to the point of order or my comments appears in the Press report. This could lead some people to believe that it is possible to use such words as "liar" and "lied" with impunity in this House. I certainly hope that no member of this House thinks in this way, and I quickly state for general information that this is not the case. The records of this Parliament regularly report that successive presiding officers have ruled such language to be unparliamentary.

I very much regret that the Press report of last evening's debate was presented in such a way and I remind everyone that the reporting and publishing of parliamentary proceedings has long been held to be a matter of privilege and not of right. It is my intention to raise the matter with the management of the newspaper concerned.

PUBLIC SERVICE BILL

Introduction and First Reading

Bill introduced, on motion by Sir Charles Court (Premier), and read a first time.

DEATH DUTY ASSESSMENT ACT AMENDMENT BILL

Second Reading

Debate resumed from the 3rd August.

MR DAVIES (Victoria Park—Leader of the Opposition) 12.20 p.m.: When legislation is brought before the House, usually there is some

substantial reason for it. Sometimes legislation is brought forward because there is a ground swell for particular action to be taken, or because some section of the community will benefit greatly, or even moderately, from it. Legislation may be introduced because it is the policy of a Government, but that does not necessarily mean that it is the result of any ground swell, neither does it mean that any hardship exists or that anyone will be disadvantaged severely if the legislation is not passed.

The Treasurer's introductory speech to this Bill consisted of approximately 20 or 30 lines, and the major part of his subsequent address detailed the various clauses and what their effect would be. Indeed, when I received the speech notes from the Treasurer, I thought he had given me some by mistake because frequently the department concerned will supply a Minister with the details of each clause so that he can answer any questions raised in the House. On this occasion the Treasurer was good enough, not only to announce in the House the reasons for each clause—and this was a little unusual in a second reading speech—but also he provided the Opposition with a copy of the reasons.

Apart from these details, the Treasurer gave us very little justification for introducing the legislation. As I have said, there has been no ground swell within the community in regard to an easing, a relaxation, or an elimination of this taxation measure which has been with us almost since time immemorial.

So one wonders who is going to benefit from the legislation, where the requests came from, and why the Government has acted in this manner.

A recent survey of wealth in Australia showed that 1 per cent of the Australian adult population owns 22 per cent of the personal wealth. 5 per cent of the adult population owns 46 per cent of all personal wealth, whilst 10 per cent of the adult population controls almost 60 per cent of the personal wealth of Australia. The survey showed that most wealthy people today either inherited their wealth or depended upon family or bank connections for large sums of initial capital, and this money was available only because previous generations were able to accumulate wealth.

The same survey showed that less than 0.3 per cent of existing capital in Australia is being taxed each year by a State gift, probate, or succession duty. I was rather surprised to read that. I mentioned who controls personal wealth in Australia, and it is interesting to note the other side of the coin and to see how wealth is distributed in Australia. Of course, the control and the distribution of wealth are different matters.

Half of all Australians own less than 8 per cent of Australia's wealth. The top 5 per cent of Australians own more than the bottom 90 per cent. In fact, the top 2 000 people in Australia own as much wealth as the bottom 2.23 million people. I can only feel this legislation is designed to ensure that imbalance is maintained.

Any claim that the very wealthy people in the community—and I am not talking about the moderately wealthy or the people in the community who suddenly find they have assets of \$100 000—deserve their disproportionate amount of wealth as a result of having worked for it in a lifetime is patently false. The study I am quoting is one carried out by Mr Phil Raskall, a lecturer in economics at the Ku-ring-gai College of Advanced Education, and it was published in the latest edition of *The Journal of Australian Political Economy*.

The survey points out that a male worker of 65 years of age, even if he has received 50 per cent more than the average earnings for the past 50 years, could not have accumulated wealth of more than \$80 000 to \$90 000; and it is unlikely that most people would have earned that much above the average wage.

Most wealthy people have always been wealthy, and I think the present legislation provides that this wealth will continue to pass on. The result of wealth being passed on from generation to generation is that inequities between the top and the bottom remain and become greater, and the distribution of personal wealth throughout Australia becomes even more uneven. I believe the measure now before us will provide most assistance to the very wealthy.

That is not surprising, of course, because the party in Government in this State owes its allegiance basically to the very wealthy. That party has conned many ordinary people into voting for it, but basically its philosophies reflect the philosophies of the very wealthy; and the Government is there to protect those very wealthy people. The fact that it has taken it upon itself to introduce this Bill indicates it is only too happy to go along with the very wealthy. I believe the Government is showing political irresponsibility, and I am certain there are many who will agree with me.

The Premier constantly reminds us that there are no free lunches, and if we reduce taxation in one sector we must raise taxation in another sector. I am certain every member of this House is fully aware that at the present time this State, by the Premier's own admission, is desperately short of money; yet we are prepared now to forgo one avenue of taxation, an avenue of taxation

which is derived basically from the very wealthy. This taxation is not derived from the moderately wealthy—the bloke who has made himself a modest buck and has been able to pay off his home and finds that inflation has greatly increased its value so that it is now worth \$60 000 or \$70 000, and who may have \$10 000 or \$12 000 in the bank. He is not the fellow at whom this legislation is aimed, because the amount of revenue raised from that sector is negligible. The money comes from the very wealthy.

Mr Laurance: It is very serious to those people; it is not negligible to those who are paying. It is a very significant amount to them, probably more significant than it is to the very wealthy.

Mr DAVIES: I thought the member for Gascoyne was asking me a question, because he gabbles away fairly often—

Mr Laurance: Don't be like that.

Mr DAVIES: I have to be like that because the member for Gascoyne is so patently insincere. He mouths the words of the Premier so often. I am sure the Premier is glad to have the member behind him, backing him up. I often wonder that the member does not sit directly behind the Premier. If the member wants to make impertinent statements such as the one just made, I will make statements like I did right back at him and anyone else in the House who does not want to deal with the debate. I am sure the member is entitled to 45 minutes if he wishes to contribute to the debate.

This legislation is designed to help the very wealthy. The Premier has said many times in this House that there are no free lunches. I shall refer to comments he made on the 6th October, 1977, on page 1899 of *Hansard*. At that time we were debating the Pay-Roll Tax Assessment Act. I had pointed out how unfairly this rested on most sections of the community and how something needed to be done to ease the system and that perhaps the pay-roll tax needed to be abolished altogether. The Premier said—

I remind members that when we talk about taking something off by way of taxation and putting something on by way of expenditure, somebody has to pay.

Mr Watt: What is wrong with that?

Mr DAVIES: Nothing; it is a statement of absolute fact. However, if we are taking one form of revenue-raising away now, what are we going to replace it with and who is going to make up the shortfall? If this revenue is taken away, it has to be made up from somewhere else because X number of dollars are needed to run the State

each year. The Government has to ensure that the taxation to be taken off in fact needs to be taken off because it is acting harshly against that section of the community. The Government has to be sure that whatever source of revenue replaces that taxation, that source must be distributed fairly and evenly over the whole of the community.

I would like to know who is going to pay for these measures. I believe the following people could be among those who are asked to pay: For instance, it could be the pensioners paying increased charges for electricity; it could be motorists paying increased motor vehicle licence fees. Industry and commerce could pay more for electricity and gas charges. Metropolitan water consumers as well as country water users could pay more for excess water. Users of public transport could pay more for Westrail bus fares and country rail charges.

I think it is something of a sick joke for the Premier to come into this Chamber and say, "Here is a measure that will relieve one section of the community from having to pay \$250 000 in this financial year." In any one financial year the measure is estimated to relieve that section of the community of paying \$4.5 million. At the same time the Premier is saying we have to pay increased rates and charges because the Government needs huge amounts of money for Consolidated Revenue. The Premier has abdicated \$4.5 million in any one financial year and I want to know whether we can afford to do so. If we do give it away, from where is the shortfall going to be raised?

There is a whole range of areas from which the shortfall can be raised, but in most of them the additional taxes are going to be inflationary. This same Treasurer has said that these additional costs are inflationary. He often says—I believe with tongue in cheek—that he is sorry to raise taxes and increase charges because he recognises they are inflationary. He always says the Government does this responsibly because it knows it will cause hardship. What crocodile tears he must shed! He has shed more crocodile tears than those he alleged the Opposition shed last night. The Treasurer says he is sorry to raise charges, yet he is willing to forego revenue worth \$4.5 million.

Some of the money may come from the 10 per cent increase in SSS freight rates to ports in the Kimberley and Darwin. Indeed, on his return from England the Treasurer said he could see a taxation revolt. Only nine days after making the statement he announced a package of increased charges; the worst we have seen in this State for a long time. One week he warned us there was

going to be a taxation revolt and we needed to be careful, and the next week he came out and gave us good and excellent reasons to revolt. I am sure he knows the feeling of the community at the present time. I think he has put himself in a position of creating a set of circumstances that will make sure his prophesy is fulfilled.

I believe this legislation is only a sop to make the public think he is easing the burden a little in some instances.

Mr O'Connor: You are opposing this?

Mr DAVIES: The Minister gets 10 out of 10 for being astute. The Minister has spoilt my plan because I had not intended to let the House know how I was going to vote until I came to the end of my speech. However, the Minister is not always so unkind.

Let us see what the Premier has said about rates and taxes. In the Liberal Party policy book 1974-1977 the following is to be found, and which may make some members laugh—

We are concerned about the upward trend of rates, taxes and Government charges.

We will review all taxes and charges to see what streamlining is possible to reduce irritation to the public.

It was a promise the Premier knew he would not be able to keep. I am sure he had no intention of implementing it.

When we were in government the present Premier said rates and taxes had reached bursting point. He said that from where I am standing now, and he said the situation could not go on. He said the Tonkin Government had been irresponsible with charges.

The things the Tonkin Government did pale into insignificance alongside charges this Government has imposed on the community. I believe the Premier has been far more irresponsible in his handling of taxation and Government charges. On current costs the total amount lost through the total elimination of death duties is estimated to be \$14.9 million in any one year. That includes spouse to spouse estates, and I do not think that is unreasonable; I agree with the elimination of the payment of duties on assets passing from spouse to spouse. That was in our policy, and we have long agreed with it; we are happy to support it. However, beyond that we have to take a careful look.

Mr Sibson: What about family businesses?

Mr DAVIES: I will deal with that shortly. I know the debate is exciting for the member now that he is awake.

Mr Nanovich: The next occasion a person calls at your office with a probate problem and that person is in a situation of having to sell his home and property because of no funds, what will you do? The Leader of the Opposition will throw that person out of his office and say, "You deserve to pay this duty and I could not care what happens to you."

Mr DAVIES: Here again we have a member who is not listening to the debate.

Mr Nanovich: He is listening all right.

Mr DAVIES: If one looks at the interjections the member made last night and those which he has made just now I am sure they will clearly indicate that he has not listened to the debate. I said we can make allowances. I know my voice is not terribly strong but I can always give the member a copy of my notes.

Mr Sibson interjected.

Mr DAVIES: What obscenities is the member mouthing now? We are losing a total of \$14.9 million. That approximates what the Government expects to receive in increased SEC charges this year. The Government has taken a tax from one section and put it onto another section of the community by way of increases in electricity charges to raise \$14.6 million.

It does not all come to the State. Only 3 per cent of the total revenue from the SEC goes directly to the State. However, if a tax is reduced in one area another area must be found in which to increase the tax.

I also want to point out to the Treasurer that the amount of \$4.5 million which the 50 per cent reduction would have otherwise raised in a full financial year would have been sufficient to provide major concessions and increased relief to pensioners. It appears from the details given to me by the Minister that the latest SEC increases will recoup an extra \$232 000 in a full year from pensioners eligible for rebates. Let us get that quite clear. I want the member for Whitford to follow this closely. In one year the latest increased charges paid by pensioners are estimated to be \$232 000; that is, from the pensioners who are eligible for rebates.

The corresponding increase in rebates is only \$55 000, so the pensioners are nearly \$180 000 worse off through the increases which have been made in electricity charges. That is a perverse action of logic—to take an extra \$180 000 from pensioners while giving away \$4.5 million, a lot of which will go to extremely wealthy people in our society. Where is the justice and equity of such a proposal.

The Premier ought to realise the value of Government funds by now and how useful they can be. The \$4.5 million would create an excellent package. The increases would contribute substantially to the provision of roads in the Pilbara, houses for people on the long waiting lists, and would provide projects for the unemployed in this State. Particularly projects relating to the building industry could be provided because we all agreed last night that the building industry was in a state of collapse. The money might also help some of the regional towns such as Port Hedland, Geraldton, Bunbury, and Albany which have a high ratio of unemployment, and that affects all sections of the community.

Mr Watt: That is not quite right.

Mr DAVIES: The honourable member has a 20 to one ratio of unemployment. He does not think that is good does he? When we went out of office it was one to one.

Mr Watt: What do you mean?

Mr DAVIES: A total of 20 people are seeking every vacancy on the books.

Mr Laurance: That is not an accurate way to measure unemployment.

Mr DAVIES: It is a very accurate way to measure it.

Mr Sodeman: It suits the argument.

Mr Laurance: That is right.

Mr DAVIES: When the Tonkin Government left office in 1974, there were about 7 500 unemployed and about 5 500 advertised vacancies. There was almost one employee for every registered vacancy. The position now is that there are more than 35 000 unemployed and for every vacancy listed there are 28 people wanting the job. If the honourable member does not think that is a good measure, I do not know what is.

Mr Watt: No-one said it is good, but you should also use the percentage of the work force if you make a generalisation, because we have a much lower percentage.

Mr DAVIES: That is just as bad for this Government. When we left office 2.4 per cent of the work force was unemployed. There is now 6 per cent unemployed. If members opposite are proud of that record we will use it. We will do whatever we can to help them. If the member for Albany believes that unemployment is not bad in Albany I will be happy to publicise that fact for him down there, because I am quite certain the unemployed people in his electorate would hate him to be unaware of their plight. However, I am sure he is aware of it.

Mr Watt: Much more so than you are. You selected Bunbury and Albany and you used bad examples.

Mr DAVIES: I also mentioned Port Hedland and Geraldton, and one is as bad as the other. I am saying the Government could have used some of this money for unemployment schemes in those towns, and I am sure the local authorities down there would have been happy to have a little injection of funds to provide work to ease the unemployment situation.

Mr Sodeman: Would you like some in Victoria Park, too?

Mr DAVIES: I would be delighted to have some instead of having it handed back to the very wealthy. The member for Pilbara seems to find the plight of the unemployed quite amusing.

Mr Sodeman: That is a stupid thing to say.

Mr Laurance: It does not become you.

Mr DAVIES: The honourable member seems to think it is smart to score off the unemployed. I do not think it is smart.

Mr Watt: You are trying to score points.

Mr DAVIES: The member for Pilbara is trying to. I am pointing out the plight of the electorate. However, members opposite seem to be most distressed that I am doing this. I am suggesting they do not know the plight of the electorate.

Mr Watt: You don't know what you are talking about.

Mr DAVIES: Apparently they do not know the situation with regard to unemployment. Obviously they do not get letters from youths of 17 and 18 years of age who have never been able to get a job since they left school. Perhaps those people are not relating to their members opposite. They might not have faith in them to help or advise them. However, if members opposite would like to come to my office, I could give them many examples and it is a matter of great concern to me.

Mr Watt: Be careful or your halo will slip and choke you!

Mr DAVIES: There is not enough money to put into schemes to provide employment and yet under this legislation in one year we can blithely wave goodbye to \$14.5 million.

This Act has been amended and re-enacted on a number of occasions since I have been in the House and always the amendments have been designed to ease the burden; and there is nothing wrong with that. As values rise, and as inflation continues to create problems, the amounts which should be exempt from a taxing measure of this

kind should also be increased. I am sure members know that under certain conditions the first \$15 000 of an estate does not attract any probate duty at all. After that it gets progressively greater until the amount can become substantial on very high figures. This is the area which causes me concern. I doubt whether these people have worked for their money. Most have inherited it, and they have some responsibility to the State.

Mr Sibson: That is totally unfair comment. There are many people today who have made their own way in life.

Mr DAVIES: There are individuals in the community who have very substantial amounts of money behind them—amounts which, five years ago were not heard of. However, these days people have been able to accumulate money and the figure is quite substantial because of the inflation rate.

Mr Sibson: You were talking about inheritance.

Mr DAVIES: It does not mean that we cannot adjust the legislation to accommodate—

Mr Sibson: You have changed the subject. You were talking about inheritance.

Mr DAVIES: I am talking about that now. Once again, the member for Bunbury is not listening. I said that a few years ago anyone with an estate of \$10 000 to \$12 000 would be considered to be fairly rich. These days many people would have estates of this nature. Most houses would be worth \$40 000 to \$45 000. Even a modest cottage runs into something like this. So an estate soon builds up.

As I said, in the past the legislation has been directed towards easing the situation by taking into account the rise in inflation, and I do not think it is unreasonable that this should be done.

I tried to point out that from spouse to spouse no probate is payable at present and we applaud that situation. I also want to point out from memory that if an inheritance goes to a person with a direct blood line the first \$15 000 or so does not attract any probate.

Mr Sibson: You have already mentioned that is peanuts.

Mr DAVIES: Under some conditions there are other exemptions up to certain figures; they do not attract probate. Then there is a slight increase as it goes on.

Of course, the people who are helped most are those who can form trusts and companies. One of the legislative amendments introduced by the Tonkin Government blocked a loophole in regard to "A"-Class shares and trusts, and it was carried by the Parliament because we had said we would

put it into operation. But when this Government returned to office it repealed that legislation and reopened the loophole. I do not think that does the Government much credit and it clearly indicates to me that it is pandering to a particular section of the community.

I certainly do not have an estate of \$100 000 and I am quite sure most members of this Parliament do not. In doing away with estate duties the Government apparently thinks it is doing a wonderful job for all the people who have so much money, which they have probably inherited anyway, and it will continue the imbalance between the haves and have-nots.

I draw attention again to the distribution of wealth in Australia. Half of all Australians own less than 8 per cent of Australia's wealth. The top 5 per cent own more than the bottom 90 per cent. The top 2 000 people own as much wealth as the bottom 2.23 million. I have no great sympathy for the top 2 000 people. I have great sympathy for the average working man who has been able to get a few bob together. Perhaps he lived rather frugally, brought up a family, was a good citizen, and accumulated a small amount of wealth. But less than 3 per cent of all capital in Australia each year attracts probate duty.

I therefore remind the House that this legislation is sectional and elitist, and is brought in particularly for the sections of the community mostly represented by the Liberal Party. If the Government wants to do something to help the average Joe, let it revise the rates which currently exist; let it lift the \$15 000 minimum up to \$60 000, \$80 000, or \$100 000. That might not be unreasonable according to the member for Bunbury, who seems to think everyone dies with an estate of those proportions. Good luck to people who do, but let us make it a realistic figure so that estates of that nature do not attract any probate duty. But that is not the import of this legislation. The legislation gets rid of probate duty altogether.

The other section of the community which requires some consideration comprises the farmers. I honestly believe farmers and small businessmen have been getting a raw deal, as one member suggested. It was the member for Bunbury: he must have a substantial bank balance because he is showing inordinate concern about the progress of this legislation. I do not think the member for Karrinyup has very much; he finds it amusing.

Mr Clarko: I was amused at your saying you were concerned about the farmers.

Mr Sodeman: And country people.

Mr DAVIES: Someone has to be concerned about them. The National Country Party is certainly not concerned about them, and I demonstrated that clearly in the 10 questions I dealt with in the House last night. It is nonsense to say Whitlam was not concerned about them. He took away the superphosphate bounty and Fraser restored it and said it was clearly only a tariff protection. He said that on the radio programme "AM" yesterday morning, shortly before he offered to send a bottle of black label to a poor old lady who said she would not be able to afford to buy it any more.

Mr Clarko: She asked for a crate, if you remember.

Mr DAVIES: But in line with his thinking, he was able to offer her only a bottle, he thought.

Mr Clarko: Life was not meant to be that easy!

Mr DAVIES: On the subject of farmers, what about the floor price for wool? Is the Minister for Agriculture now showing concern? No?

Mr Old: You are telling the story.

Mr DAVIES: I acknowledge that some situations are influenced by inflation. I am dealing now with the value of deceased farmers' estates. Special provision could be made for these people and it is not unreasonable to suppose we would make it.

I believe the proper thing to do is phase out probate duty more gradually—if that is the intention and desire of the Government—rather than cut off 50 per cent in the coming year and 50 per cent a year later, so that it disappears quickly from the Statutes of this State. I do not know whether this legislation will save the State any money or whether there will be any contra-saving because of the lack of need for staff to look after probate matters. It may be a modest saving to the State each year but I do not think it will be very much. Indeed, I think some people in the office will be looking for other jobs, but it will be no trouble to find jobs for them because the Public Service is already short of staff.

I believe a case exists for lifting the exemptions and rates or modifying them, and that the legislation needs to be phased out more gradually. To my mind it is inopportune to bring the legislation in at this time when the Government is increasing taxes and charges every time it sees a possibility of doing so. I believe the \$4.5 million which the Premier has suggested will be saved in one year could be more properly spent in this State, and that no great hardship would be caused by continuing to impose this duty on estates. The rates

could be adjusted so that greater exemptions are provided, and we would still receive \$4.5 million in any one year, as happened with pay-roll tax.

The Premier said he was being generous in making pay-roll tax concessions last year, but when we look at the Budget papers we find the total amount of pay-roll tax the Government would receive in any one year was much greater, even after the concessions had been allowed. Here is another situation where, because of inflation, we could ease the position and continue to receive just as much by way of taxation.

It has not been suggested how the lost revenue will be replaced. I have had no evidence at the present time of any great hardship being caused in the existing situation. If the Government wants to be sensible, it could be more gentle and phase the duty out over a period rather than in the manner it has chosen.

As the Minister for Works so astutely observed earlier in the debate, the Opposition opposes the Bill.

MR HASSELL (Cottesloe) [2.59 p.m.]: I rise to support the Bill. I believe it would be a complete fraud on the electorate of Cottesloe if I were not to support the Bill because, along with other members on this side of the House, I was elected on the basis of a clear policy in relation to a significant item of taxation which it was said we would abolish. Furthermore, referring to the comment of the Leader of the Opposition in regard to a more gentle phasing out, we undertook to abolish the duty in the life of this Parliament.

Mr Hodge interjected.

MR HASSELL: The member for Melville interjected to ask when Liberal Governments have ever kept their election promises. Very few Governments of the Liberal colour have not kept their promises, consistently, in tabulated form, point by point, numbered, and ticked off, in the manner presented to the electorate at the end of the last term of this Government, at which time it was re-elected.

Mr Jamieson: They were very dangerous.

Mr Clarko: They would not know about that because they do not win many elections.

MR HASSELL: I seem to have some difficulty saying a word in this Chamber without stirring up an almost constant stream of interjections. However, I would like to make some comments. I did not intend to stir up the member for Welshpool by saying that we carry out our election promises. That seems to me to be a very simple statement.

Mr Wilson: Are you saying you have a mandate?

MR HASSELL: I am not saying we have a mandate for the legislation. I am saying simply that the members on this side were elected on the basis of a clear policy statement that we would abolish death duties within the life of this Parliament. This legislation fulfils that promise.

Mr Stephens: It was National Country Party election policy.

MR HASSELL: That is not a party the member for Stirling is connected with, is it?

Mr Stephens: As at this moment I am, so you are wrong again.

MR HASSELL: Under the legislation death duties will be phased out—

Mr Jamieson: A spear in the back is worth two in the front.

Mr Clarko: You have experienced a few.

The **SPEAKER**: I call upon members on both sides to cease their interjections.

MR HASSELL: Death duties will be phased out and abolished under this legislation by a 50 per cent reduction in the rates of duty payable next year and by the completion of abolition from the end of next year. We have more than adequately fulfilled the promise that we made when we were re-elected, and on the basis of that promise, it is clearly right that we should do so.

Perhaps one could have a degree of concern about the abolition of a form of taxation which is a capital tax if that abolition led or encouraged Governments to introduce new forms of taxation, such as a capital gains tax itself or a value-added tax, both of which forms of taxation would undoubtedly be detrimental to the people of Australia. Even the threat of a capital gains tax was shown under the Whitlam Administration to have had the effect of considerably dampening activity and putting capital to flight with the result of lack of investment and lack of growth in employment prospects.

This measure represents the fulfilment, in legislative form, of what has been the aim of a very strong political movement in Australia. Resentment at death duties has been very deep-seated. No doubt this has been so in the past because of the agricultural nature of our economy and the many people in this country who are involved in agriculture directly or indirectly or who depend on agriculture for their livelihood. It is with farms and the family farm that death duties have wrought their greatest havoc.

Mr H. D. Evans: There are trusts and that sort of thing to avoid it now.

Mr HASSELL: There is no doubt that this havoc has, in more recent times, come about with the changing economy to the family business and the family concern. The member for Warren mentions the existence of family trusts and how these provisions are avoided by that device or those devices.

Mr H. D. Evans: And life governor shares in connection with it which are a handy set-up.

Mr HASSELL: Let me make a point in response to the comments of the Leader of the Opposition. He referred to this legislation as being designed to help the very wealthy. He spoke on the old and familiar theme of inherited wealth, and he quoted statistics about the lack of evenness in the distribution of the wealth of Australia.

Mr Wilson: Do you deny there is an unevenness?

Mr HASSELL: Could I just commence one sentence and be permitted to carry it through? I am not denying it. I have not begun to deny his figures. The point I was going to make was that if the Leader of the Opposition had quoted figures for the United Kingdom as well, he would see that the lack of evenness in the distribution of wealth is very much greater in that country than it is here.

Mr Wilson: So what?

Mr HASSELL: Let me finish the point I was making. For many years the United Kingdom has had punitive death duties, death duties of far greater magnitude than those in Australia. That seems to me to indicate that punitive taxes of that nature do not work to undermine the alleged evil of an uneven distribution of wealth, and that those conditions are created and survive whether or not death duties exist. Death duties are much more damaging in a country such as Australia where there is a relatively—by world standards—more even distribution of wealth than there is in other countries, because death duties break up the society in which we exist, they break up the evenness of the distribution, and they attack the fundamental units in our community which have created the wealth.

This debate illustrates in a way that perhaps others do not a fundamental philosophical difference between the Opposition and the Government. On every issue the philosophical approach of the Opposition is always to take more of the people's money and to spend it through government. Our approach—and I hope it will continue to be our approach—is to leave the choice of the expenditure

of the people's money to the people who made the money, the people who created the wealth, and the people who will continue to create it.

Mr Hodge: That was not the philosophy in the Budget, was it?

Mr HASSELL: No, the philosophy in the Budget represented a realistic endeavour—

Mr Wilson: To con the people.

Mr HASSELL: —to pay for the commitments to increased Government expenditure which, as a nation, rightly or wrongly, we have hooked ourselves onto.

Mr Wilson: The Budget puts the burden on those who can least afford it.

Mr HASSELL: I know that drinkers of Scotch whisky cannot afford to pay for it!

Several members interjected.

Mr Clarko: Are you still having trouble with the truth?

Mr Pearce: I never have any problems with the truth.

Mr Clarko: You never use it; it is your most valued asset.

Mr HASSELL: Let us consider the policy of the Opposition. Prior to the last election we clearly stated our position. We had a consistent policy, and it was based on what the people wanted.

Mr Jamieson: Can you repeat it again?

Mr HASSELL: Does the honourable member want me to state our position on this matter?

Mr Jamieson: Yes.

Mr HASSELL: Our policy was that the legislation to abolish death duties would be introduced during the life of this Parliament.

Mr Jamieson: I am glad that will be recorded in *Hansard* because we will see about it in a minute.

Mr HASSELL: The honourable member will find it in our policy.

Mr Stephens: That is right, but it was in the policy of the National Country Party.

Mr HASSELL: To the best of my knowledge prior to the last election neither the member for Welshpool who was the Leader of the Opposition at that time, nor the present Leader of the Opposition, campaigned that they would not seek to abolish death duties.

Mr Davies: We could have campaigned on the fact that we would not chop pieces of wood smaller than 18 inches.

Mr HASSELL: If the Australian Labor Party had campaigned on that basis, we may have had even more difficulty in arranging the seating on this side of the House. One or two of the members sitting opposite would not be here now.

Mr Davies: When did you start campaigning on what you would not do?

Mr HASSELL: Let me put it to the Leader of the Opposition that during the last Federal election campaign, the former Leader of the Australian Labor Party very clearly campaigned on what he would not do; he said he would not reduce taxation.

Mr Davies: You seem to be obsessed with the Federal situation.

Mr HASSELL: The legislation is very straightforward in its intent. It is based on the policies on which we campaigned and espoused, and it was endorsed at the election. I do not claim a mandate for it; I think the theory of mandate is one which can be improperly stretched to cover things it should not cover. However, it is clear this legislation is in line with our policies.

In conclusion, I wish to refer to only one other point made by the Leader of the Opposition. He said provision should be made for farmers. I do not deny there are occasions when legislation needs to make special provision for particular groups in the community. However, when that legislation is taxation legislation and relates to the capital which belongs to the individual people in our community, it seems to me to be inherently unfair that we should create a permanent situation of special privilege and concession to one group. That is the first point as to why I would prefer to see the abolition of the tax for everyone than its retention, with special favours given to one group.

The second point is that farmers are not the only people who have suffered at the hands of the imposition of death duties; all kinds of family businesses are similarly affected. This again shows up the significant difference between the Opposition and ourselves.

There has been a cry from the Leader of the Opposition that this legislation is designed to help the very wealthy; it is not, because there are very few very wealthy people in Australia.

The Opposition mistakes the vast majority of people who are well off—that gigantic middle-class society we have—for a society of great wealth. The Opposition does not seem to be able to understand that the average Australian is the man who is moderately well off and who believes it is quite legitimate to be moderately well off. If his work, earnings and skill, and

the risks and judgments he takes can make him a bit better off, he does not see any wrong in getting the benefit of that. Certainly, he sees no wrong in being able to hand on that benefit to the children he produces.

That is the basis upon which we have proceeded, and that is the view we represent. In my opinion, we will continue to sit on this side while we represent that vast majority of Australians who have that approach to wealth and earnings.

I support the Bill.

MR JAMIESON (Welshpool) [3.14 p.m.]: We have just heard the usual remarkable oration from the member for Cottesloe.

Mr MacKinnon: And, no doubt, we will hear the usual rubbish from the member for Welshpool.

Mr JAMIESON: We are about to hear the usual remarkable oration from the member for Welshpool.

A few statements of the member for Cottesloe were basically wrong. Firstly, he does not understand Liberal Party policy. One would expect him to have an abundant knowledge of his party's policy, but this does not appear to be the case. I intend to quote from that policy a little later to show how wrong he was in making his statement—and, in repeating it to ensure it was recorded in *Hansard*—regarding the timetable set down by the Liberal Party in its last election campaign. In fact, it is nothing like that laid down by the member for Cottesloe, and I believe he should be prepared to apologise to this House for making statements which are not in accord with the facts; but of course, he will not.

He went on to say that Labor Governments take more from the people than other Governments. Mr Speaker, I have never known any Government of Western Australia to take more from the people than the present Government. This House has been informed by me, as the then Leader of the Opposition, and by the present Leader of the Opposition of the continual increases in charges and costs. Increases have been imposed *ad nauseam*, and they continue to be imposed.

We have also been told that the introduction of this legislation will cost the State \$4.9 million in a full year. We must know where the replacement money is to come from, because we have been told repeatedly by the Premier that we must have money to run the ship; indeed the Premier said so very clearly in his little blue book.

Certainly, we have been given no indication at this juncture of how the State Government will make up the money it will lose as a result of

the enactment of this legislation, except the suggestion that legislation will be passed this year to enable the State Government to impose a levy on personal income tax, in accordance with this great concept of new federalism, the author of which was the present Premier, in conjunction with a number of other people from the Liberal hierarchy, who felt it was such a desirable proposal.

It is interesting that many of those people are now running away from the idea; in fact, the only person to have kept his ship on course is the Premier. I suppose he feels that he has managed to impose so many increased charges that he will be able to impose a few more.

The Premier regards as fair game all Government services; we have seen him impose hidden charges, in the 3 per cent levy on the turnover of the State Electricity Commission, the Metropolitan Water Board, the Fremantle Port Authority, and other bodies. We have seen increased fund-raising activity through the Lotteries Commission, which has been chasing more money through different types of activities, and we have seen the Totalisator Agency Board involving itself in more gambling activities.

All these increased charges generate considerably more money into the coffers of the Western Australian Government, so it is hypocrisy for the member for Cottesloe to say that Labor Governments are interested only in taking money from the people, when the evidence is very clear to the people of this State that this is true principally of the Government which is in charge of the coffers of this State at the moment.

Mr Clarko: Nobody believes you, not even your own colleagues.

Mr JAMIESON: The member for Karrinyup is too busy looking after the interests of Star Swamp to realise what the world is all about. I think it is an admirable thing to have a great respect for the environment, but that is about the honourable member's limitation—the tadpoles in Star Swamp.

Mr Clarko: What I found there the other day looked remarkably like you.

Mr JAMIESON: I am glad about that, because I would not like to be as big a frog as the member for Karrinyup.

Mr Clarko: There is no prize for second.

Mr JAMIESON: There always is. Even though it might not be as big a prize, there is usually a second prize. Unlike the member for Karrinyup, I am humble enough to accept second prize.

Mr Clarko: You have just lost second prize in your party, too.

Mr JAMIESON: Politics being what they are, that is always on.

Mr Speaker, for your satisfaction—being a Liberal member of this House—I turn now to the Liberal Party platform for the last election. I note the platform says nothing about the increased charges the Premier has seen fit to impose. When a party can hide those things, it can hide anything, so the platform does not mean very much.

Under the heading, "Death Duties" the following appears—

Our strong discipline of State finance will enable us to continue our steady reduction of Death Duties.

* Duties as between husband and wife have been abolished on ninety percent of such estates. They will be removed entirely in the next two budgets.

Strangely enough, we were on common ground on that one; I think they were much the same words I used in our policy speech.

Mr MacKinnon: Where in your policy speech?

Mr JAMIESON: I do not have it with me, but the abolition of spouse to spouse duties was included. Members opposite can smirk and smile as much as they like; this promise was publicly reported.

Mr Clarko: Was your policy laid down after you read our promise?

Mr JAMIESON: No; because we had indicated clearly at previous sessions of Parliament that we would follow it through. We have no hesitation in doing that. There is a very good reason for it. It is a tremendous responsibility for one's spouse to find money to pay death duties on an estate which will come to her, when she has no income out of which to pay the duty. I accept that. I suggest also that the position is the same in the case of a dependent person. However, I will not have a bar of the abolition of death duties, because it is a legitimate tax and it has the effect of equalising the wealth of the country and it stops the distribution of wealth getting out of hand.

Several members interjected.

Mr Clarko: That means you support double taxation.

Mr JAMIESON: Before we get onto the subject of Star Swamp, I want to talk about the farmers, because people have often said that the Australian Labor Party is not very interested in the problems of farmers. I will admit, as my leader

admitted, that there is a problem in relation to farmers and we must sort out the situation. That is not beyond our capabilities. One illustrious President of the Legislative Council had a number of fights with his colleagues over a long period of time because he suggested a perpetual or inherited leasehold which meant that while one's property was being used as a rural pursuit, it should remain within the family. I think investigations should be made in that direction.

However, the values of many of these properties, be they farms or other rural properties, are such that they result in not nearly as great a return on capital invested as one would receive if one invested the same capital in a building situated in St George's Terrace. We have to have the buildings in St George's Terrace and we must also have rural pursuits; therefore, we must look at ways of overcoming death duties on such farm properties. I am prepared to say modification is needed in that regard. However, somebody has sidetracked me. I think it was the member for Karrinyup. He probably does not want to hear what I have to say.

Mr Clarke: Do you deny that death duty is double taxation?

Mr JAMIESON: Yes, I do deny that. It is a taxation on accumulated estates. I have no hesitation in saying that. I am not obliged to look after these people. I shall quote later from a speech made by the Premier to indicate his philosophy on the situation. The correct philosophy is that we should not be accumulating wealth and worrying about what our great-great-grandchildren will have. That is not our responsibility and it is absurd to think that it is.

I have dealt with the subject of duties as they affect husbands and wives. I do not know why the word "spouse" is not used in Liberal policy. We have always agreed that the situation affects both spouses and it is not a matter between the husband and wife only. I shall continue with my quotations from the platform of the Liberal Party as follows—

We are preparing a timetable for the complete abandonment of death duties as a source of tax revenue.

That is the policy on which the Government was elected. I should like to ask the member for Cottesloe where the three years are.

Mr Hassell: You had the right statement, but the wrong policy. We did not commit ourselves to it.

Mr JAMIESON: The member for Cottesloe told me that and he repeated it. It is in *Hansard*.

Mr Hassell: We did not commit ourselves to it.

Mr JAMIESON: The member for Cottesloe is a great two-handed lawyer—on the one hand it is this and on the other hand it is something else. The member should practice truly instead of behaving in this fashion. I shall read the rest of the paragraph which is as follows—

The strong feeling on this issue is appreciated. But it must also be understood that financial discipline runs two ways—there must be adequate revenue to do the things expected of Government, as well as great care in the spending of it.

I do not know whether there is great care in the spending of it.

The present Premier matches only one other. The other Premier to whom I refer was a very austere gentleman who was in office during the war years. His name was Wilcox. He had a penchant for achieving one objective only and that objective was the balancing of the Budget. It proved to be a problem for this State for 20 to 30 years—perhaps even longer—after he had left office. The problem was caused as a result of his demand that above all else the Budget must balance.

Other people in Government at the time throughout the country—the Playfords and others—were more imaginative and because they adopted a different policy, they received a better deal afterwards. As a result of the policy adopted here, we were penalised. I do not think the most important part of life is balancing the Budget. I have never agreed with that.

Mr Bertram: Anyone can balance a Budget.

Mr JAMIESON: It is more important that we should receive the \$4.9 million. It is far more essential to employ people than it is to pander to a few people who have to pay death duties on estates. The estates must be worth a large amount before one starts to pay death duties. I consider this is one form of revenue to which the Government is justly entitled.

On page 38 of the Government's platform—the pages were numbered this time which is a marvellous improvement—it went on to say—

Any source of revenue must be managed responsibly.

If a personal income tax is to be levied, as has been suggested and as is proposed in the legislation to be introduced later this year, we want

to know the situation before we abolish other taxes on people who are in a position to be able to pay them. The platform policy continues—

We don't intend to remove death duties in a way and with a speed that would force us to impose replacement taxes and charges which could be more burdensome to the people we seek to protect.

That is a funny statement, because obviously the people who are paying their regular train and bus fares and who find it difficult to live from day to day are affected more by increased fares and costs which occur in their day-to-day activities than the people who have an accumulated estate which has come down to them through several generations. Surely we are justified in taking some of that wealth and spreading it across the rest of the community. To continue—

Also, it is important we do not progressively move to abolish State death duties without regard for the Commonwealth tax.

Of course, the Commonwealth has moved out of this field and, therefore, that bar probably no longer exists.

The salient feature of this is, we have not been presented with a timetable or a specific limitation that it should not be done in a way which would force other taxes to be imposed in order to obtain the money lost as a result of the abolition of death duties. The Premier tells us constantly he needs money because of the bad deal he received from the Commonwealth. Last night he even amended the motion to indicate the really bad deal he had received from Canberra. He said that he will have to receive money from somewhere in order to keep the establishment functioning.

I should like to quote a philosophy which appears in *Hansard*. It is a great philosophy of life to have and it is basically my philosophy. It is amazing that two people who are so diametrically opposed as far as their political philosophies are concerned, can share the simple philosophy which I am about to quote. It appears at page 4516 of the 1972 edition of *Hansard*. It reads as follows—

My family left me no large legacies. As members know, I was brought into this world in very poor circumstances.

I can say that my public service, far from aiding and abetting me to garner "wealth" has done exactly the reverse—a fact concerning which I have no regrets.

Now, that is not a bad philosophy.

Mr B. T. Burke: Ben Chifley, was it?

Mr JAMIESON: No, it happened to be "Ben" Court who was the then Leader of the Opposition. He was making a statement under the privileges of the House. I can go along with what he had to say, but our philosophies differ when it comes to handing wealth on to families in succession by changing taxation methods. I refer to wealth which is accumulated in the lifetime of a person.

I consider one has a responsibility to one's children and grandchildren, after bringing them into this world, to see that they are well-educated and well set up. However, I do not think that assistance should be to the extent that the State suffers. It should not be considered that wealth has been accumulated by a person without the assistance of somebody else. Somebody else has always helped in the gathering of that wealth. An individual just cannot possibly accumulate vast wealth on his own. Somebody else always helps in the gathering of that wealth. Certainly, the person concerned could be the "boss cocky" and could have carried out all the arrangements to accumulate the wealth. He usually finishes up with a major part of it but, nevertheless, that wealth should not be handed on to the children or the grandchildren of just one person.

Mr Clarko: That is where we disagree.

Mr JAMIESON: Of course we disagree, and I hope my children will never expect to receive a handout in this world. I think it is the responsibility of every person to get onto his own feet and do something towards productivity. The handing down of accumulated wealth does not increase productivity.

Mr Tonkin: Free lunches!

Mr JAMIESON: Yes, free lunches. When money is handed down people are receiving free lunches. They are spending wealth which has not been gained as result of their own activities. They are relying on the endeavours and the activities of somebody else. Because of that, I cannot go along with the wiping out of these duties. I have sympathy for the close relatives and dependants of a person who dies. I think they have to be looked after and their standards of living should be maintained. However, there is no reason that it should extend to big assets and other matters.

In some cases funds are "Cherita-ed" out of existence. Under a system of avoidance, funds go into some sort of trust and are manipulated down the line. So, if people are particularly worried about large assets I suppose they would be involved in that sort of activity and would not be bothered with death duties anyway.

There are occasions when people do not like to get involved, and when they want to accumulate wealth. They want to hand that wealth down to other people. I again say the responsibility is from generation to generation, not to eternity as is proposed by legislation such as that now before us. I oppose the proposition.

MR McPHARLIN (Mt. Marshall) [3.34 p.m.]: I wish to contribute to the debate on this legislation and say how pleasing it is to members of the National Country Party to have the legislation before us. It is another step towards the abolition of death duties in this State.

It has been a long-standing policy of the Country Party to work towards the total abolition of death duties. There was at one time some strong difference of opinion between our organisation and the Premier on this matter. It is most gratifying now to see that we are approaching the time when the total abolition of death duties will, in fact, take place. The two Bills now before the Chamber will bring that matter forward.

The measure we are debating is one of two steps which will mean a 50 per cent reduction on the duty of an estate of a person who dies on or after the 1st January, 1979. That, of course, is a step forward. As one who has been involved in the matter of probate duties and family assets, and having had practical experience in that field, it is most gratifying to see this measure coming forward. On numerous occasions constituents of mine have become involved in the same sort of problems, and they have sought assistance. I would like to make favourable comment on the very helpful guidance given by the former Commissioner of State Taxation (Mr Ron Ewers); he was most helpful on all occasions.

Apparently the Opposition does not favour the legislation now before us. I would like to quote from *Hansard* of the 18th October, 1973, at page 4160. The then Treasurer (Mr T. D. Evans) was introducing legislation to repeal the Death Duties (Taxing) Act. I will quote his remarks as follows—

Another device which is receiving increasing use is what is commonly known as the "life governor" share. These particular shares totally control the affairs, assets, and policy of a company during a holder's lifetime but generally revert to face value on his death.

The use of this technique enables a person to carry on his business as if he were, in fact, the sole owner during his lifetime, making all of the decisions in respect of the sale, control, profits, disposal policy and general running of the business, but when he

dies—and here comes the sting—the share then reverts to the face value of an ordinary share.

An example of this type of avoidance is the case of a company which has 1,000 shares, all of which, with the exception of one, are designated as "B" class or ordinary shares and are issued to various members of the family.

The present Premier (Sir Charles Court) then interjected and asked—

Is the Attorney-General insinuating it is criminal to do it that way?

The then Attorney General continued—

The remaining one share is called the "life governor" share and this share controls completely the operation of the whole business. The effect of this arrangement is to make only a very small proportion of the value of the assets subject to duty when the owner dies.

We were in Opposition at that time and we were strongly opposed to the measure under discussion.

Mr Jamieson: I did not think that could be so.

Mr McPHARLIN: We opposed the measure because of the experience we had with probate duty problems over several years.

Mr Jamieson: How did it get past the Legislative Council?

Mr McPHARLIN: It was quite in order and quite legal to make other arrangements. Family companies which had assets were in the position that land automatically increased in value over a period of time. Land originally valued at \$50 000 or \$60 000 could increase in value by three times in a very short period of time. When a member of a family in that position died the probate duty rate was extremely high. There needed to be some form of arrangement whereby the probate duty could be reduced and a person, who wished to hand the property down through the family, could do so. In the case of farming, a company arrangement was a measure which enabled that to be done.

There have been many occasions when a member of a farming family has died, and the probate duty on his estate was so high that the family had to sell portion of the property in order to pay the probate. That has reduced the earning capacity of the property and has increased the problem of paying probate duty.

I discussed this matter at some length with the former Commissioner of State Taxation, who claimed that never at any time had he experienced that in his term of office.

In Queensland, probate duty was abolished in one year. As a result we saw a tremendous influx of investment into that State from the southern States; in a short period of time millions of dollars were attracted to that State.

At one time in discussing this matter with the Premier of Queensland, he claimed his State would not be raising a substitute tax to replace the death duties that would be phased out over some years.

I understand it is proposed that the introduction of a similar procedure will be examined so that the fear of an alternative source of income levy on tax will be alleviated.

I repeat that it is gratifying indeed to farmers to see the abolition of probate duty in this State, but of course this applies not only to farmers although the abolition has the greatest impact on them. There are family businesses and estates which face problems similar to those confronting the farmers. It is very pleasing to note that in 17 to 18 months from now total abolition will apply; and that will give great satisfaction to many people in this State.

SIR CHARLES COURT (Nedlands—Treasurer) 13.43 p.m.1: I rise to reply to the debate on this measure. I thank members for their contributions but I must say I am quite surprised at the vehemence with which the Opposition has attacked the Bill. I can understand that, because of their basic philosophy they would not like the Bill, but I would have thought that they would have some appreciation of the general public feeling that exists in respect of this tax.

Mr Jamieson: Have the public of Nedlands been bending your ear?

SIR CHARLES COURT: The extraordinary thing about this tax is that most representations and most fears of it come from people who will not pay the tax. This is the sort of reaction one gets used to in public life, because people often get a feeling on a particular matter which is not quite in accordance with the cold, hard facts. There is nothing one can do to change such fears and feelings. Members opposite would have found that one of the most talked of taxes to which they have heard reference is death duty.

Mr Jamieson: You have been afraid of this ever since Senator Negus became elected.

SIR CHARLES COURT: I was going to ask the honourable member that if he felt there was no public feeling, how was it that a man became elected as a senator with a single policy related entirely to the abolition of probate duty?

Whether it was right or wrong, and whether he was a good or bad senator, the fact is that the people voting throughout the length and breadth of this State voted him to the Federal Parliament as a senator, based entirely on this particular proposition. The honorable member will know that many people got behind that man, because they felt that somewhere along the line when they pass on their estates would be subject to death duty.

We are all aware that an estate must be of a reasonable size before it becomes subject to death duty. One can say these things in the newspapers and in the Parliament, one can put this in one's policy speech and do what one likes, but one cannot convince the people that it is a small portion of the community who actually pay the tax. They all think it will be them.

Sitting suspended from 3.45 to 4.04 p.m.

SIR CHARLES COURT: Before the afternoon tea suspension I was endeavouring to deal with the comment made by the Leader of the Opposition and some others on this matter of the public interest and the public involvement in this type of tax. It is not unusual for a tax to create a degree of emotiveness amongst people who in fact will not be subject to it. There is always the feeling hanging over their heads that they will have to pay it, and the area of probate duty is more sensitive than any other form of tax in this regard.

Mr Jamieson: It is liberally generated, too.

SIR CHARLES COURT: Some people save hard and build a house and pay off the debt. One of their greatest ambitions is to be able to pass on the house to their family; and although we could demonstrate in many cases that they just would not be subject to any death duty, the fact is that it haunts them constantly, particularly when they get older. They are constantly haunted by the fear that their dependants or beneficiaries may have to pay some duty in respect of that house. Whether or not we think it is silly is not the point; the fact is that it is a real fear which exists in the community. I believe the announcement we made that we would move progressively to eliminate this tax altogether has been very well received and has brought a degree of relief to many people who would never be subject to the tax but who felt they might be.

Mr Davies: So you are legislating for an imagined fear?

Sir CHARLES COURT: It is not an imagined fear at all, it is a fear that is very real in the minds of some people, even though they might not be subject to the tax.

The Leader of the Opposition was critical of the fact that I did not give a lot of information when I introduced the Bill.

Mr Davies: I did not think you gave any justification for it.

Sir CHARLES COURT: What more justification do we need than the fact that we have committed ourselves publicly at the election to get rid of the tax? I remind the Leader of the Opposition that it is a jolly sight easier to get rid of a tax than it is to impose one. Many fewer words are needed to remove a tax than to impose one; it is when a Government is imposing a tax that it has to go into great detail to justify it. I am amazed that the Leader of the Opposition should question the justification for introducing the Bill.

The cold, hard fact is that we committed ourselves to do this, and the member for Welshpool has saved me the trouble of reading what the Government said in 1977; it is reported at page 38 of the Liberal Party policy for 1977-1980. I remind him this was also very much a part of the policy of our coalition partners, the National Country Party. We were both very positive about this when we went to the electors, and also immediately after the election when the *modus operandi* for the actual removal of the tax was timetabled. Surely that in itself is the only reason we need for bringing the Bill to the House.

The fact is, of course, that the Labor Party is very sensitive on this issue because it cuts right across its policy in respect of people having assets. Members opposite have a great fear that suddenly Australia will become a country of little capitalists. Australia has already moved very much to that status, and we hope the move will continue and grow.

Much play has been made of the fact that this tax benefits the rich.

Mr Davies: The very rich.

Sir CHARLES COURT: I make the point to members opposite that many of those people who might be considered in the minds of members opposite to be wealthy do in fact own assets that are most productive and employ many people. Any dislocation of their personal estates could mean the dislocation of the jobs of the people who work for them.

If we take some of the bigger rural estates that in the past have been subject to probate we find that almost without exception they have been highly efficient properties which have been high earners of export income for the nation.

If the owners of such properties found themselves confronted with the type of tax we had in the past, they could be forced into the situation of having either to sell or break up a property that has been established over generations, or to subdivide it; and almost without exception that means a reduction in the efficiency and productivity of the property, and it usually means some people suffer in their employment. If the business is labour-intensive and the owner has to break it up because probate duty cannot be paid then, of course, more people become subject to redundancy and again another highly profitable business that might have been built up over generations and which is an important economic unit is broken up. This does not mean a thing to members opposite because they do not believe in people having that sort of asset and that sort of success.

Mr Davies: As usual you didn't listen to what I said.

Sir CHARLES COURT: The Leader of the Opposition shed a few tears for farmers. That did not deceive anybody.

Mr Davies: By the standards on which you operate it would not deceive anybody, but by any decent standards it would be different. It is all very well for you to stand up and say they are crocodile tears and they are not dinkum.

Sir CHARLES COURT: I remind the Leader of the Opposition that he was a senior Minister in a Government that introduced a Bill—

Mr Davies: We have different standards and different morals.

Sir CHARLES COURT: —to prevent farming people, who were the main ones concerned, and small family concerns from making an arrangement either through a private company arrangement or through a family arrangement, which produced roughly the same result. That Bill was aimed at preventing farmers and smaller business people and family concerns—not great corporations—from doing that to minimise probate and to assist continuity.

Mr Davies: It was dealing with trusts and dodges and "A"-class shares.

Sir CHARLES COURT: Such people entered into an arrangement to enable a family—not a great corporation—to so arrange its affairs that when the father or mother or dominant partner

died the business could go on without let or hindrance; and in many cases these businesses employed a lot of people.

Members opposite wanted to bust that wide open and to force those people into realisation in many cases, and into the actual winding-up of their estates. Therefore, it makes no impression on us at all when the Leader of the Opposition suddenly says the Opposition would be prepared to go along with something for the farmers.

Mr Davies: We have been convinced.

Sir CHARLES COURT: In respect of farmers?

Mr Davies: Yes.

Sir CHARLES COURT: Of course members opposite would not be convinced in the case of farmers who have an estate running into \$500 000, \$1 million, \$1.5 million, or \$2 million, because they were committed to this programme of breaking up estates. It was the Liberal and National Country Parties as a matter of joint policy that first of all said we had to remove what was done by the Tonkin Government, then move into the area of spouse to spouse, then reduce the incidence of tax, and finally to wipe it out altogether.

This Bill provides for the tax to cease to be applicable to any estate when the person concerned dies after the 1st January, 1980. In other words, this tax will cease to apply in the life of this Parliament. The legislation has been introduced to honour a promise, and three Budgets are involved: The September-October, 1977, Budget, the Budget we hope to introduce in September-October this year, and the Budget which will be introduced in approximately September-October next year, with final cessation of the tax on the estates of people who die after the 1st January, 1980.

The suggestion has been made that there is no real incentive for the removal of this tax because it does not create incentive for the people involved. Of course it does. If people believe that they can work hard and accumulate assets during their lifetime and then leave those assets for their dependants, that is an incentive for them to do better.

That is the way we look at the situation. Members opposite want to destroy people and to bring them down to a common level. On the other hand, our policy is to bring people up to a level—if we must level people. The Opposition must have regard for the fact that this is not the only State which is moving in this direction. In fact we are behind at least one State. Other States are moving to ease this burden, so it does not seem to be that unpalatable to some Labor Governments. The Commonwealth Government

has already got the message and has removed one of the obstacles that we had, because we did not want to remove the tax from people in this State only to find they would have to pay more tax to the Commonwealth Government. That problem has been resolved, and I believe the programme we are following is a sensible one.

We have not tried to remove this tax in one bite. Of course, the removal of the tax creates revenue problems, but I believe that by doing it in the way we have, as distinct from doing it in one bite at the beginning of the life of this Parliament, we will be able to absorb the loss of revenue into the financial system of the State.

I commend the Bill to the House.

Question put and passed.

Bill read a second time.

In Committee, etc.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

DEATH DUTY ACT AMENDMENT BILL

Second Reading

Debate resumed from the 3rd August.

MR DAVIES (Victoria Park—Leader of the Opposition) [4.17 p.m.]: I was sorry to hear a member on the other side of the House say that we did not say "No" loudly enough and thus it indicated we really wanted this Bill to go through. I can assure the member concerned that is not so and if Government members want a division on every clause I will promise a division on every point of this Bill. I now promise we will divide on every clause and every motion to do with this Bill just to show members opposite how sincere we are.

Mr O'Neil: You are being childish.

Mr DAVIES: No we are not. It was childish of the new Minister to make his comment. If the new Minister wants to show his lack of maturity and provoke the Opposition we are quite happy to be provoked. I thought we were doing the House a service because it was Thursday afternoon. Members will remember that last week we had a disgusting rush to get questions on notice finished and no questions without notice were allowed.

Mr Skidmore: There was one only.

Mr DAVIES: Bills were gabbled through so they were incomprehensible and the Opposition allowed this to happen to help the Government. I

am serving notice that we will divide on every clause in this Bill. Having said that, I will make the few comments I originally intended to make.

Mr O'Neil: You are cutting off your nose to spite your face.

Mr DAVIES: No we are not.

Several members interjected.

The SPEAKER: Order! The House will come to order.

Mr DAVIES: We have been trying hard to help the Government run the business of Parliament smoothly and with a bit of common sense, but when we hear inane statements indicating the Government wants to provoke the Opposition, we are happy to be provoked. The Opposition does not suffer because of the lack of question time, as we can easily put questions on the notice paper for another day. Indeed, with many of the questions that are posed without notice, particularly to some Ministers, we are asked to put them on the notice paper because those Ministers do not have the competence to answer them.

This Bill is complementary to the previous measure. No more justification was given for introducing this Bill than there was for the earlier measure. I do not think the rather lame excuse given by the Premier, that Senator Negus was elected to the Federal Parliament because he promised to have death duties abolished, is sufficient reason for suggesting that in any one year this State should forgo \$4.9 million in revenue which is readily available.

This Bill sets out in detail in the schedules to it the conditions and rates under which tax will be payable in the next 12 months. In table 1 there is a provision for estates below \$15 000 not to attract any duty at all.

I am quite certain that members on the other side will agree with me when I say that \$15 000 is not a large sum. They might point out that a house alone could be valued at \$40 000. As I said before, a modest cottage fetches that price in this age of inflation; inflation which has not been controlled by the Government despite the Premier's assertion that he was going to stop it within six months on a State by State basis.

Despite the fact that the Government has been in office for 4½ years we note a remarkable lack of success in that regard.

So a modest cottage could fetch \$40 000 and divided amongst four children it is only \$10 000 each, and so that estate does not attract any attention.

If the Government believes that amount is too small, then the rates could be amended to make the minimum amount \$60 000 or \$70 000, or as I said earlier, \$100 000. It would still be a very generous concession to the people in the electorate who are most fearful. The Premier says they have nothing to fear.

The Premier says he is legislating because people in the community have fears about probate, yet he feels that most of them have nothing to fear. What a basis for bringing in legislation—that people have unfounded fears. What will be the next excuse for bringing in legislation? Surely to goodness this is no justification.

The point to be noted in the Treasurer's reply to the debate on the previous measure was that he did not explain how he was going to overcome the revenue problem. He said simply that the Government would do something about the revenue problems. I would have thought he would give us in some detail the methods he would use to raise the revenue and where it was to come from. Earlier I gave examples of where it could possibly be derived. I explained how we could equate the \$4.9 million which is going to disappear and the recent increases which have been made in various taxes and charges.

One cannot isolate any one tax or charge and say it balances things; that is impossible to do. I would have thought the Premier would have given us some indication of how the balance would be made. I would have been interested to hear that.

Earlier I was going to suggest that under the revised Standing Orders we might have dealt with this Bill and the previous measure together, but I am glad I did not because the House now has the opportunity to practise the holding of divisions. I am also given the opportunity to comment on the shallowness of the Premier's reply. The Premier always talks about our shedding of crocodile tears and suddenly finding the farmer. He does not deal with reality.

If the Premier looked at debates that have taken place and saw some of the things he has said and wanted to be fair, he would acknowledge plenty has been done for the farming areas. If this legislation needed to be brought in, particularly for farmers who might have a special case. I would be prepared to acknowledge that special case and do something about it. However, the Government is giving *carte blanche* to all sections of the community and eliminating a very valuable source of revenue which we badly need at the present time and which the Premier admitted would cause budgetary problems. But he did not

say where counter-revenue was coming from. Just as we opposed the previous legislation, and for much the same reason, we oppose this Bill and I promise to divide on it.

Question put and a division taken with the following result—

Ayes 27

Mr Blaikie	Mr Mensaros
Mr Clarko	Mr Nanovich
Sir Charles Court	Mr O'Connor
Mr Coyne	Mr Old
Mrs Craig	Mr O'Neil
Dr Dadour	Mr Ridge
Mr Grayden	Mr Rushton
Mr Grewar	Mr Sibson
Mr Hassell	Mr Spriggs
Mr Herzfeld	Mr Stephens
Mr P. V. Jones	Mr Williams
Mr Laurance	Mr Young
Mr MacKinnon	Mr Shalders
Mr McPharlin	(Teller)

Noes 18

Mr Bertram	Mr Jamieson
Mr B. T. Burke	Mr McIver
Mr T. J. Burke	Mr Pearce
Mr Davies	Mr Skidmore
Mr H. D. Evans	Mr Taylor
Mr T. D. Evans	Mr Tonkin
Mr Grill	Dr Troy
Mr Harman	Mr Wilson
Mr Hodge	Mr Bateman
	(Teller)

Pairs

Ayes	Noes
Mr Tubby	Mr Bryce
Mr Watt	Mr Carr
Mr Sodeman	Mr T. H. Jones
Mr Crane	Mr Barnett

Question thus passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Clarko) in the Chair; Sir Charles Court (Treasurer) in charge of the Bill.

Clause 1: Short Title and Citation—

Mr JAMIESON: I do not think we should let this Bill be referred to as the Death Duty Act Amendment Act. It should be the Death Duty Act Elimination Act at this stage, and we should be looking for a better title so that people will know what the Government is about to do.

Then those people the Premier and his cohorts constantly fool into believing they are involved in this, will know they are not involved any more. If he wants it that way he certainly ought to amend the title to a more apt and suitable one.

Clause put and a division taken with the following result—

Ayes 26

Mr Blaikie	Mr Mensaros
Sir Charles Court	Mr Nanovich
Mr Coyne	Mr O'Connor
Mrs Craig	Mr Old
Dr Dadour	Mr O'Neil
Mr Grayden	Mr Ridge
Mr Grewar	Mr Rushton
Mr Hassell	Mr Sibson
Mr Herzfeld	Mr Spriggs
Mr P. V. Jones	Mr Stephens
Mr Laurance	Mr Williams
Mr MacKinnon	Mr Young
Mr McPharlin	Mr Shalders
	(Teller)

Noes 18

Mr Bertram	Mr Jamieson
Mr B. T. Burke	Mr McIver
Mr T. J. Burke	Mr Pearce
Mr Davies	Mr Skidmore
Mr H. D. Evans	Mr Taylor
Mr T. D. Evans	Mr Tonkin
Mr Grill	Dr Troy
Mr Harman	Mr Wilson
Mr Hodge	Mr Bateman
	(Teller)

Pairs

Ayes	Noes
Mr Tubby	Mr Bryce
Mr Watt	Mr Carr
Mr Sodeman	Mr T. H. Jones
Mr Crane	Mr Barnett

Clause thus passed.

Clause 2: Section 6 amended—

Mr DAVIES: I have yet to be convinced that this is the right time to bring in the legislation. Had we debated it last week I might have been more convinced that it was the right time, but having heard the disastrous, cruel, and vicious Federal Budget on Tuesday night, we must have a second look at what is available to the State by way of revenue.

The Bill proposes that after certain dates some action will be taken in regard to the responsibility for paying probate duty, and in line 8 is the date January, 1979. I see you are looking at

me very closely, Mr Chairman, and are wondering what I have in mind. I believe that we should delay the legislation for at least 12 months. Perhaps members should agree to delay it longer.

I want to point out there need be no embarrassment to the Premier because his Liberal Party policy, as already written into *Hansard*, does not state that this action will be taken by a certain time. The Premier had said that a timetable would be set but that could easily be altered by this Chamber in view of the serious financial position in which the State finds itself.

If the State is not in a serious financial position I wish the Premier would tell us because all kinds of people are running for cover and all kinds of Government departments are using the excuse that no money is available so this and that cannot be done. The Government finds it convenient for that attitude to be abroad, at least until such time as the State Budget is introduced and the hoo-haaing following it dies away. Because I believe this is an inopportune time to introduce the legislation, I move an amendment—

Page 2, line 8—Delete the figures “1979” with a view to substituting other figures.

Sir CHARLES COURT: I can only assume the Leader of the Opposition in a fit of pique is being childish about this. I merely want to remind him that on pages 12 and 13 of the Budget speech in 1977—of which he will have a printed copy—I set out clearly the timetable which was to be followed for the abolition of death duties and that timetable included the spouse-to-spouse duty which was dealt with in that particular session. It also spells out the other two phases which will see the end of the duty. Those phases are in accordance with the Bill and that in itself is a good and sufficient reason for the present date in the Bill remaining. Consequently the amendment should be defeated.

Mr DAVIES: I believe that in 1977 the Treasurer would have genuinely believed that the promises of the Fraser Government, and indeed his own budgetary proposals, would do something about reducing inflation and improving the employment position. Since 1977 we have seen the position get steadily worse. The Premier has become critical of his Federal counterparts because of the actions they have taken; and nothing he has done in this State has helped the position at all despite the fact that he said he could cure inflation and unemployment if he were given six months. He has had 4½ years and the position has become about 450 per cent worse than when the Government took office.

I am sure that those who have read his timetable would forgive him. Certainly most fair-minded Australians would be quite happy to do so in view of the position in which he now finds himself. The economy of the country is getting worse and worse and nothing he or his Federal counterparts are doing is improving the position. He is in a difficult situation having to give away, in one financial year, \$4.9 million of State revenue. He has not told us how he will overcome this shortfall, but I believe we could at least put the present matter off for 12 months and at the end of that time if we believe the position required further review this could be done. I have a nasty feeling that in 12 months' time the position we will be in will be no better. Therefore this is an opportunity for the Premier to delay the present matter for 12 months and no-one will be seriously hurt as a consequence.

I have not moved the amendment in a fit of pique or childishness, but in a genuine attempt to be helpful.

Amendment put and a division taken with the following result—

Ayes 18

Mr Bertram	Mr Jamieson
Mr B. T. Burke	Mr McIver
Mr T. J. Burke	Mr Pearce
Mr Davies	Mr Skidmore
Mr H. D. Evans	Mr Taylor
Mr T. D. Evans	Mr Tonkin
Mr Grill	Dr Troy
Mr Harman	Mr Wilson
Mr Hodge	Mr Bateman

(Teller)

Noes 26

Mr Blaikie	Mr Mensaros
Sir Charles Court	Mr Nanovich
Mr Coyne	Mr O'Connor
Mrs Craig	Mr Old
Dr Dadour	Mr O'Neil
Mr Grayden	Mr Ridge
Mr Grewar	Mr Rushton
Mr Hassell	Mr Sibson
Mr Herzfeld	Mr Spriggs
Mr P. V. Jones	Mr Stephens
Mr Laurance	Mr Williams
Mr MacKinnon	Mr Young
Mr McPharlin	Mr Shalders

(Teller)

Pairs

Ayes	Noes
Mr Bryce	Mr Tubby
Mr Carr	Mr Walt
Mr T. H. Jones	Mr Sodeman
Mr Barnett	Mr Crane

Amendment thus negatived.

Clause put and a division taken with the following result—

Ayes 27

Mr Blaikie	Mr Nanovich
Sir Charles Court	Mr O'Connor
Mr Coyne	Mr Old
Mrs Craig	Mr O'Neil
Dr Dadour	Mr Ridge
Mr Grayden	Mr Rushton
Mr Grewar	Mr Sibson
Mr Hassell	Mr Sodeman
Mr Herzfeld	Mr Spriggs
Mr P. V. Jones	Mr Stephens
Mr Laurance	Mr Williams
Mr MacKinnon	Mr Young
Mr McPharlin	Mr Shalders
Mr Mensaros	(Teller)

Noes 19

Mr Barnett	Mr Jamieson
Mr Bertram	Mr McIver
Mr B. T. Burke	Mr Pearce
Mr T. J. Burke	Mr Skidmore
Mr Davies	Mr Taylor
Mr H. D. Evans	Mr Tonkin
Mr T. D. Evans	Dr Troy
Mr Grill	Mr Wilson
Mr Harman	Mr Bateman
Mr Hodge	(Teller)

Pairs

Ayes	Noes
Mr Tubby	Mr Bryce
Mr Watt	Mr Carr
Mr Crane	Mr T. H. Jones

Clause thus passed.

Clause 3: Schedule amended—

Mr DAVIES: When speaking to the second reading I drew attention to the schedule and the rates set out in it, particularly in table 1 relating to estates passing to the children, grandchildren, or other issue, or dependent parents of the deceased person. I pointed out that sums up to \$15 000 did not attract any probate duty and suggested it would not be unreasonable to amend the schedules and increase the minimum amount to a much larger amount than the existing \$15 000 in table 1.

I believe the amount of \$1 500 in table 2 is most unreasonable. How we ever came to agree to it in the first place, I do not know. Table 3 sets out the same concession, and table 4 sets out the position in regard to people who were not domiciled in the State at the time of their death, which is an area the Premier seems to have completely overlooked.

People can come to this country and invest money in land here, as the Japanese have done at Sun City, although I imagine that is a company and not an individual. One person could come

here, buy a valuable parcel of land and do nothing towards developing it and contribute nothing to the community other than the rates and taxes. He might die overseas without ever coming back to this country or this State, and no tax whatsoever would be payable on the estate. That could easily happen and I do not think it is a very creditable position. I remember that when I was Minister for Town Planning people were seeking to buy large tracts of land in and around Geraldton.

Are we now suggesting in table 4 that this part of the schedule as a whole shall not operate once the concession period has run out in two years' time? I believe the whole schedule should be withdrawn and rewritten, if only to make table 4 more realistic. I have just instanced a situation which could easily and feasibly arise and where the State could suffer considerably because of it.

We will vote against the schedule because we believe this part of it should be withdrawn and rewritten.

Clause put and a division taken with the following result.

Ayes 27

Mr Blaikie	Mr Mensaros
Sir Charles Court	Mr O'Connor
Mr Coyne	Mr Old
Mrs Craig	Mr O'Neil
Mr Crane	Mr Ridge
Dr Dadour	Mr Rushton
Mr Grayden	Mr Sibson
Mr Grewar	Mr Sodeman
Mr Hassell	Mr Spriggs
Mr Herzfeld	Mr Stephens
Mr P. V. Jones	Mr Williams
Mr Laurance	Mr Young
Mr MacKinnon	Mr Shalders
Mr McPharlin	(Teller)

Noes 19

Mr Barnett	Mr Jamieson
Mr Bertram	Mr McIver
Mr B. T. Burke	Mr Pearce
Mr T. J. Burke	Mr Skidmore
Mr Davies	Mr Taylor
Mr H. D. Evans	Mr Tonkin
Mr T. D. Evans	Dr Troy
Mr Grill	Mr Wilson
Mr Harman	Mr Bateman
Mr Hodge	(Teller)

Pairs

Ayes	Noes
Mr Tubby	Mr Bryce
Mr Watt	Mr Carr
Mr Nanovich	Mr T. H. Jones

Clause thus passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

BILLS (7): RETURNED

1. Water Boards Act Amendment Bill.
Bill returned from the Council with amendments.
2. Security Agents Act Amendment Bill.
3. Stock (Brands and Movement) Act Amendment Bill.
4. Poisons Act Amendment Bill.
5. Small Claims Tribunals Act Amendment Bill.
6. Limitation Act Amendment Bill.
7. Auction Sales Act Amendment Bill.
Bills returned from the Council without amendment.

ABATTOIRS ACT AMENDMENT BILL

Second Reading

Debate resumed from the 3rd August.

MR H. D. EVANS (Warren) [4.56 p.m.]: The amending Bill now before us is not of great consequence but it deals with a matter which is of the greatest importance to primary producers in this State; that is, meat marketing. It probably would not do any harm to examine what has transpired in the last 12 months in the matter of meat marketing, to see precisely what has resulted.

The essential amendment in the Bill allows the Government to expand the Western Australian Meat Commission by two producer members to provide the vehicle which is claimed to be the instrument of meat marketing reform as promised by the Government. The effect of this amendment will be that four of the eight members of the commission will be producers. In addition, provision is made for appointment for a period of not more than four years to enable appointments to be staggered as the terms of members expire, so that there will be continuity of experience to enable the commission to keep operating. The remaining amendment is purely a machinery matter which will allow a quorum to consist of five members.

The operation of the Meat Commission is a matter of concern. No indication has been given by the Minister of just how the commission is intended to operate. I would simply like to reiterate the Minister's undertaking as he stated it. He said—

... it was decided that the Western Australian Meat Commission would be a suitable vehicle for meat marketing change to be effected in accord with results of the referendum;

The Minister did not explain how that is to be achieved or how the Meat Commission is to operate to achieve it. Not one suggestion or indication has been given of the additional powers the commission will hold to enable it to improve its performance in comparison with what has happened in the last couple of years.

I am interested in section 14(3) of the original Act. It deals with the ancillary trading powers of the commission, and it places a qualification on these. It reads as follows—

... the Minister, is authorised to carry on any trade that in the opinion of the Commission can conveniently be carried on in conjunction with the activities of the Commission under this Act, whether or not that trade is directly related to the meat industry, but only in so far as that trade may be necessary in the interests of the meat industry.

So does that mean that the commission is not an operative competitive trading organisation, or does it mean, as I suspect, that the Meat Commission can trade only when that trade may be necessary in the interests of the meat industry?

It looks as though the commission cannot, as a commercial venture, trade at all times, but only when it is seen to assist the meat industry, such as in times of glut. The commission is being deprived of the power to trade when the profit would be the greatest. What sort of meat marketing organisation is this to be?

Members will recall the éclat with which this referendum was brought forth, the debate and discussion about it, and the three questions that were asked. Instructional papers went out to the primary producers and I will quote from these. Question 1 was as follows—

Do you favour the establishment, by an Act of Parliament, of a cattle and sheep slaughtering marketing corporation which would compulsorily acquire all such livestock at the point of slaughter?

Question 2 states—

Do you favour expanded trading in cattle and sheep by a statutory organisation through the Western Australian Meat Commission becoming a major trader in meat and by-products and actively competing for livestock at auction on farms and through purchase by direct consignments on a weight and grade basis in accordance with a previously published schedule of prices?

And the third question was—

Do you favour the continuation of the livestock marketing system with marketing options such as classification, live weight selling, weight and grade?

In other words, the status quo would be retained. I felt it was worth referring to those questions because of the direction in which the preferences had to go. It was not a matter of where the preferences could go, but where they had to go. This fact was seen and commented on fairly vigorously in a number of publications, and my favourite comment was a very succinct and most revealing aspect of the problem by an Eastern States journalist, Mr Morton Barrington, who asked—

If question 1 happens to get 59 of the votes in the State meat referendum and question 2 gets none, and question 3 gets 41 votes, which question wins?

The answer—question 1, wrong; question 3, wrong; question 2, wins, with no votes. That was the correct answer.

He went on to ask: How can this be and why? The reason for it was that the rules of the game were set down by the Cabinet of Western Australia. The rules were not decided upon by an arbitration tribunal or some authoritative body away from the political arena, but rather by the Cabinet of the State, and *ipso facto* decided by people directly concerned with the pressures and political leanings of those involved in the meat industry.

The referendum is now history, and the question then was: How was this meat marketing reform to be achieved? It has been acknowledged generally that the producers in Western Australia are dissatisfied with the present method of marketing. This was shown in the results of the referendum, even though the options open were limited and the preferences were directed. If one of the African States had drawn up a referendum of this kind, no doubt Australians would rise up in great indignation and wrath and point out scathingly how undemocratic these banana republics are.

The referendum was carried out with all the respectability that the imprimatur of the State Cabinet could bestow upon it. Essential questions then arose, and they were asked by the chief agricultural writer for *The West Australian* on the 17th October, 1977. He asked—

The big question posed by the result is: What now for the WA meat industry?

There has been some procrastination about making a move, and that attitude is typical of the Government. Finally we see its first move, an expansion of the membership of the WA Meat Commission by the addition of two members. This will mean there are four producers out of the total of eight members of the commission. So

we see this commencement to the honouring of the answer to question 2 of the referendum. That is the first tiny step, but just what alteration will it make to the activities of the commission? What future does the Meat Commission have in the marketing of meat in the present situation and climate in Western Australia?

At this stage the whole deal is a confidence trick unless other remarkable sweeping changes are brought in by this Government in short order. I have stated the terms under which the Meat Commission will have to operate. Section 14 (3) states that the commission may trade in other commodities only in so far as that trade may be necessary in the interests of the meat industry. Who decides what is in the interests of the meat industry? Just what circumstances must apply before the commission can carry on any of this trade? Must we wait until there is an absolute oversupply in the saleyard before the commission can step in? The commission would then have to trade on a hopelessly uncompetitive basis. This is what the industry is facing at the moment, and that is just the start of it. Meat producers are looking down the barrel of a gun at a much worse situation.

The Minister for Agriculture supplied me with the answer to a question I asked on the 9th August. He was as good as his word, and he provided the answer as soon as he was able. The first part of my question was as follows—

(1) What quantities of—

(a) beef;

(b) sheep meats,

did the Western Australian Meat Commission trade in its own right in the—

(i) 1977-78 financial year;

(ii) 1976-77 financial year?

I then asked—

(2) What was the value of—

(a) beef;

(b) sheep meats,

traded by the Western Australian Meat Commission in the—

(i) 1977-78 financial year;

(ii) 1976-77 financial year?

(3) What amount did the Western Australian Meat Commission lose or gain in its trading operations in the—

(i) 1977-78 financial year;

(ii) 1976-77 financial year?

The reply I received indicates the tonnages and values of the meat. Parts (1) and (2) of the question were answered as follows—

	Beef		Sheep Meats	
	Quantity	Value	Quantity	Value
	tonnes	\$	tonnes	\$
1976/77	470	728 932	3 172	1 939 620
1977/78	456	647 249	4 854	3 758 330

The answer to the third part of my question is very interesting because it sets out the profit or loss of the Meat Commission in each of those two years. In 1976-77 the loss at the Midland Junction Abattoir was \$190 323. Last year the loss there was \$237 862.

At Robb Jetty Abattoir the loss in 1976-77 was \$125 817, and last year the loss was \$73 042. So the total loss for each of the two years was approximately \$300 000. That is a report of the commission's trading up to this time, and I ask members to bear in mind the qualifications under which it trades; it is permitted to trade only when it is in the interests of the industry. I do not know whose interests it was trading in to produce such figures.

The Meat Commission was set up as a palliative—I had intended to say as a panacea, but that is not quite the right word—to assist the meat industry of Western Australia. The meat industry is now being offered an expanded Meat Commission as the vehicle for its trading operations.

A great deal of effort went into the conducting of that referendum. Thousands of dollars were spent, and many months of discussions and campaigning took place. The results were known to the Government in September, and yet after all these months all it can do is expand the membership of the commission by two. Big deal! Just what will the producers get out of this?

Mr Old: Two more people on the Meat Commission.

Mr H. D. EVANS: What will be the charter under which the commission operates? Surely it should be given a sporting chance. We must bear in mind that the beef section of the Midland Junction Abattoir is in jeopardy. I read through the Minister's reply to the motion I moved here last Wednesday, and nowhere does he mention beef. He gave an undertaking that there will be a capacity for sheep and lambs in the flush season, but he did not refer to beef. By interjection I asked him: What about beef? He did not reply to me then, but perhaps he would like to reply now.

Mr Old: Don't blow your top—I'll answer in time. Watch your blood pressure, for goodness sake.

Mr H. D. EVANS: I am more concerned about watching the interests of the producers of this State. We do not want to see them hoodwinked as they have been in the past. It is increasingly apparent that the service abattoirs are in jeopardy. The operation at Midland Junction Abattoir will be further endangered with the licensing of another abattoir at North Dandalup. The beef section of an abattoir is its most profitable section because of the by-products. A much better financial return can be expected from beef, and this is the reason that the Robb Jetty Abattoir has a better trading record than has the Midland Junction Abattoir which is dependent on sheep and lambs.

If the intention of the Minister is to curtail the Midland operation so that it will look towards handling on a reduced and part-time basis only the spring flush of lamb and sheep, and to seriously curtail the beef side of it, he had better say so now before the whole thing gets into such a shambles that it will be impossible to unravel.

Mr Speaker, you will further recall that this Meat Commission is going to have to turn to some avenue of slaughter to have the stock it purchases killed in order to fulfil the orders it will be seeking in competition with all the other exporters and processors in the State. If the service abattoirs are not available or are available under only very restricted conditions, the commission is going to have to approach Metro Meats, Tip Top, or one of the other firms already established in the field to handle the slaughter. But these firms will be seeking contracts on the same market as the Meat Commission will be forced to enter if it is going to honour its obligation to effect meat marketing reforms and provide a different channel of sale to the producers of Western Australia.

This body has been set up as the greatest lame duck and confidence trick of all time. There is no indication of how the Meat Commission is expected to function. Heaven help the commissioner; he will be put into an almost impossible position, with the service abattoirs—the key to the whole operation—being dragged from under him.

It is as cold-blooded and hypocritical as that. This Government has no intention of seriously effecting a meat marketing reform. The big boys in the meat industry just will not allow it. I do not berate the Liberal Party for representing the people who support it; it certainly does that very well. Those people who look after the Liberal Party's financial needs receive the return they merit from their investment.

However, the National Country Party, which is claiming to represent the interests of producers, is far and away exonerated from any such claim.

As I said, this Bill seeks to make only three very minor adjustments to the existing Abattoirs Act. However, nowhere does it show the full implications of the magnitude of the problem of the total marketing of meat in Western Australia. The Government has entered into this whole sham to avoid meeting its responsibilities and bringing about a meaningful reform.

The Bill contains no explanation or suggestion as to how this Meat Commission will function. It is going to go into the commercial jungle and it will be forced to depend on those established denizens of the commercial jungle. That is the sort of thing which producers of Western Australia are expected to accept.

I have already quoted section 14 (3) of the parent Act, which puts a limitation on the trading possibilities of the Meat Commission. Perhaps the Minister can explain the implications of this section, because it certainly does not appear to be unfettered at present. A number of questions must be answered before the bona fides—if there are any—of the Government in this matter can be established.

MR McPHARLIN (Mt. Marshall) [5.20 p.m.]: The Minister commenced his second reading speech with the following statement—

As a sequel to the results of the referendum on livestock marketing the Government approved the formation of a working party to investigate ways in which a weight and classification meat marketing system might be implemented in conjunction with price scheduling.

I find it difficult to understand why the majority of producers were not prepared to support a question which would provide for a system of acquisition only at the point of slaughter; that was the proposal put forward in question No. 1 of the referendum. However, it did not work out that way because of the conditions applying to the referendum.

It did indicate, however, that there is need for marketing reform; I do not think anybody could argue with that proposition. The member for Warren went into that aspect in some detail and offered criticism, so I do not intend to traverse the same area.

However, I wish to comment on meat classification. The Bill seeks to appoint two additional producer representatives to the Meat Commission. Over the years, whenever a marketing organisation dealing with the commodities produced by primary

producers has been established, it has always been the policy of the National Country Party that there should be a majority of producer representatives on that authority.

This has applied to a number of authorities over the years. Some criticism has been levelled in that it was said we cannot get producers of sufficient ability to represent the industry on such authorities. However, it has been clearly demonstrated that men of proven ability and quality are available to administer their own industry to the satisfaction of the industry itself.

Meat classification is something which has created a great deal of concern throughout the meat industry in Australia. I understand moves have been made towards a system of visual classification, and that a couple of abattoirs are using this system here. The electrically operated mechanical fat probes quickly became useless in operation as a result of the electrolytic action with the fats and acids in the meat, and they have not proved to be as efficient as it was hoped they would be. However, manual classification is carried out in many other countries to the satisfaction of the industry.

I had occasion to discuss this matter with representatives of the New Zealand Meat Research Institute, and they explained to me in detail how it works. The inspectors can become extremely efficient in classification after a period of training and a period of working in that occupation. I hope that the abattoirs here which do have a system of manual classification will go ahead and endeavour to introduce a simple and inexpensive system whereby the quality of the carcass can be classified and the information quickly passed back to the producers so that they can produce the type of carcass the trade requires.

This system is used in the United Kingdom. I understand moves are being made here to introduce a system which is more mechanical. I understand also that the Agricultural Council is considering such a system in an endeavour to improve classification methods throughout Australia. Perhaps the Minister could give us some information on that when he replies. In my opinion it is an urgent necessity to improve and promote the classification system.

Mr H. D. Evans: This is certainly relevant, but you will have a bash at the amendment, won't you?

Mr McPHARLIN: I have commented about the two members, and as far as we are concerned it is preferable to have a majority on the commission.

Mr H. D. Evans: I am referring to the operation of the commission.

Mr McPHARLIN: The member for Warren has covered those points. I think the operation of the commission will be fraught with difficulties.

Mr Skidmore: Impossibilities.

Mr McPHARLIN: Let us hope the commission can continue, and let us give its members some encouragement to continue. We know the result of the referendum, so now let us hope the members go ahead and endeavour to do something. Let us encourage them to produce satisfactory results. If they do not, then it is the responsibility of all of us to have a further look at the matter to see what can be done.

Mr Skidmore: If the present policy of the Government continues I suggest there will be no need for the WA Meat Commission because it will have nothing to do.

Mr McPHARLIN: Let us wait and see; we cannot alter the position at the moment, and it is necessary to give the commission an opportunity to see how effective it can be. Let us keep a close watch on the commission and hope it can improve the returns and the marketing situation in the manner in which we would like to see them improved.

I do not feel optimistic about it because of the difficulties that will be faced, but I do not think it would do us any good at the moment to discourage the commission. I suggest that we should encourage its members and assist them where possible to improve the marketing situation.

MR OLD (Katanning—Minister for Agriculture) [5.27 p.m.]: I thank members for their contribution to the debate. I must admit that for a while I thought we were debating a fisheries Bill owing to the number of red herrings being dragged across the path.

Mr H. D. Evans: We are talking about the meat industry.

Mr OLD: Yes, but the member for Warren brought in a lot of red herrings. He also asked a lot of questions which he answered himself, but is still not convinced. Obviously his reading is not too good if he cannot see the trading powers of the commission clearly enunciated in the Act, because section 14 (3) clearly states—

(3) To the intent that the assets of the Commission and the services of the Commission employees may be utilised to the maximum practicable extent consistent with the making of profits or the producing of revenue, the Commission, subject to the Minister, is authorised to carry on any trade that

in the opinion of the Commission can conveniently be carried on in conjunction with the activities of the Commission under this Act, whether or not that trade is directly related to the meat industry, but only in so far as that trade may be necessary in the interests of the meat industry.

Then subsection (4) says—

(4) The carrying on by the Commission of a trade authorised by subsection (3) of this section shall be deemed to be a proper exercise of the powers of management conferred on the Commission by this Act notwithstanding that it may be beyond the usual functions of the Commission.

That clearly gives the commission power to trade, so it is unnecessary to amend the Act in that respect.

I provided the member for Warren with the figures he quoted. He gleefully pointed out the trading losses at both Midland Junction and Robb Jetty; and this is supposed to put a mocker on trading. But let me say that one of the problems faced by the WA Meat Commission is the high cost exercise being carried out at both works, and this point was covered in the recent debate on the motion moved by the member for Warren. The WA Meat Commission is at a disadvantage not only by its design at Midland Junction, but also in respect of awards which are peculiar to the commission. I make this point once more: Private abattoirs are in a better situation to provide a cheaper kill than are the Government abattoirs. This should certainly be well known to the member for Warren.

I was listening to a very interesting radio programme today on which the member for Warren was pontificating about abattoirs and I was interested to hear quite a lot of the things he said which were totally and utterly inaccurate. I will have much pleasure in answering those statements at a later date.

Mr Skidmore: Are you going to get someone to ask you a question?

Mr OLD: The matter of trading by the Meat Commission was the result of a referendum; the producers in this State made it perfectly clear they did not want acquisition. It would have been quite easy not to do anything but the indication was for a change. In respect of meat marketing, there has been an endeavour by the Government to bring about some reform, in the form of utilisation of the WA Meat Commission's powers of trading, in an attempt to alleviate the situation for the producers.

The Meat Commission intends to do this by opening up new markets and I have already mentioned the Middle East market for beef. People traditionally think of the beef market being in America; this has been the habit of Australian exporters. At the present time the American market is much easier to enter than it has been in the past but there is nothing to say it will not tighten up again as we have seen it do time and time again. The American industry often partially closes the door and it is the desire of the State Government, through the activities of the Meat Commission, to extend our beef marketing into the Middle East. There is no doubt that has quite a potential.

We are dealing with a commission made up of men who are experienced in the industry, either in the export trade, the abattoir trade, or more importantly, the livestock producing trade. There seems to be some belittlement of the fact that we are putting two more producers on the commission. There is talk about majorities and policies.

One of the members of the commission is appointed by the Minister from the Department of Agriculture and one would generally accept that that member is there virtually as a watchdog and to provide some technical expertise if and when required. In effect, there is a four to three situation. I feel certain that the producer organisations—and I have spoken to them—believe this gives balance to the producers within the Meat Commission.

Mr H. D. Evans: Will there be service abattoirs for beef at Midland?

Mr OLD: I do not know how many times I have told the member that the Government is committed to providing service works. When I am ready to make a statement about the exact future of Midland I will do so and the member will hear just as soon as everyone else.

Mr Skidmore: You are taking a long time to arrive at a decision. In the meantime the workers are suffering the indignity of losing jobs.

Mr OLD: They are suffering no indignity. There are something like 660 people employed at the Midland Junction Abattoir.

Mr Skidmore: There is nowhere near that number. I checked the figures yesterday and there are only 400-odd.

Mr OLD: The member must have taken a head count because my figure was given by the WA Meat Commission.

Mr Skidmore: So was mine.

Mr OLD: I prefer to accept that its information is accurate rather than that of the member opposite.

Mr Skidmore: The member is dense. I said I got my figures from the Meat Commission.

Mr OLD: I have no doubt the member is dense.

Mr Skidmore: I said you are dense. You are as stupid as you look.

Mr H. D. Evans: Will the Minister give an undertaking that the Midland Junction beef floor will remain operative?

Mr OLD: The Midland Junction Abattoir beef floor is at the present time the subject of an investigation. I have given assurances to this House and to the producers that the Midland Junction Abattoir will not be closed down; there may be rationalisation. This has been said 150 times. Has the member got the message? I am sure he must have by now. The honourable member talked about a commercial jungle into which we were throwing these poor inexperienced meat commissioners. I will not name the members of the commission, but they are men who are accustomed to working in the commercial jungle.

Mr H. D. Evans: With one hand tied behind them?

Mr OLD: Members can rely on their operating the commission as a commercial venture. Classification is something which has been mentioned by the member for Mt. Marshall. This was discussed at the recent Agricultural Council meeting where it was decided that as we are having trouble with the automated side in particular—the fat probe—we will continue and expand the present manual system of classification. The only difference will be, virtually, that there will be manual ticketing and manual fat cover measurement by rule. It is anticipated that on this basis a normal beef floor could handle 400 cattle a day.

Already Western Australia leads in the meat classification system and we have two beef floors currently using this system; one in the north, and one at Robb Jetty. We have promises from one and possibly two private operators that they will move into the classification system on a voluntary basis.

It is on the basis of classification that the trading of the Meat Commission will be founded. It will be virtually a classification of weight and grade. This will not preclude the commission from entering into the auction system as it has in the past and undoubtedly will do in the future. It will be for the commission to judge.

As far as logistics are concerned and the commission's being able to trade, members should have no doubt that this has been well and truly discussed with all the departments concerned, including the Treasury, and satisfactory arrangements have been made between the commission and the Government for the commission to be able seriously to enter into the meat trading field.

I do not anticipate at this stage, with the beef market rising and looking buoyant and probably remaining this way for some time, there will be a tremendous amount of trading by the commission. However, it will be competitive trading. The commission will be active and it will virtually be there endeavouring to keep a floor in the market.

I do not see any reason to be disparaging about the operation or the decision taken by the Government at the behest of the producers to enter into this field. If the WA Meat Commission is not a suitable vehicle for meat trading then, frankly, I do not know what is.

The main thrust of the amendments is to increase the number of people on the commission and as a consequential amendment, to change the quorum.

Mr Skidmore: I shall quote the figures I received from the WA Meat Commission yesterday so that there will be no doubt about the situation. The number of staff at Robb Jetty Abattoir are as follows: 46 operative staff; 28 supervisory staff; and 325 other operational staff, which gives a total of 399 workers. At the Midland Junction Abattoir the figures are as follows: 63 operative staff; 41 supervisory staff; and 436 other operational staff, which gives a total of 540 workers.

Mr OLD: The figure was 540.

Mr Skidmore: That is not the figure you gave. You said there were 700.

Mr OLD: I said there were 650 workers. We will check that in *Hansard*. I think your time has expired. I should like to point out that Midland Junction Abattoir is operating to the capacity of the stock which is being brought in.

Mr Skidmore: Nobody argues about that. What I say is: From the 30th June, 1978, to the 1st August, 1978, 73 dismissals have occurred.

Mr OLD: Does the member for Swan expect the WA Meat Commission to employ people when the stock is not available to kill?

Mr Skidmore: No, I do not.

Mr OLD: In that case, the member for Swan has no argument.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Clarko) in the Chair; Mr Old (Minister for Agriculture) in charge of the Bill.

Clause 1 put and passed.

Clause 2: Section 12 amended—

Mr SKIDMORE: I want to discuss clause 2 (b). Inherent in that proposition is the fact that the WA Meat Commission should be in a position to function in the manner in which it was set up to function; that is, to look after the abattoirs in this State, co-ordinate them, and ensure the killing capacity of the abattoirs is sufficient at any given time. Certainly, the commission has a fundamental principle and one which we support. It must ensure also that the service abattoirs are not placed at a disadvantage when compared with private enterprise.

If it is intended to increase the number of members on the commission, it would be realistic to assume they would have work to do. The Minister has said there has been a decline in killing at both the Robb Jetty and Midland Junction Abattoirs. One doubts whether the addition of two members to the commission will alter the present situation.

When the Minister was speaking in the second reading debate, I interjected to the effect that the number of workers at Midland Junction Abattoir had declined. My colleague, the member for Mundaring, is easily led into my electorate and percolates down into it for the purpose of glamourising. I thought he would have got to his feet and defended his position on the subject of the Midland Junction Abattoir. However, not a word have we heard from him. He is quite happy to accept that the commission has nothing to do with the workers at Midland Junction. He is prepared to see them sacrificed on the altar of progress. He will watch that happen, rather than take steps to stabilise the service abattoirs.

There is no doubt the commission will have nothing to do with the situation when, in the future, there is an over-abundance of stock for killing. They will not be killed at the service abattoir, because it does not look as if there will be a service abattoir.

The CHAIRMAN: Order! I ask the member to relate his remarks strictly to clause 2. It seems to me he is beginning to debate the Bill in a second reading manner and I ask the member to refrain from doing so.

Mr SKIDMORE: I am pleased you, Sir, have brought the matter to my attention, because I was under the impression I was doing precisely that. I have pointed out the numerical strength of the commission does not render it more capable of dealing with a matter over which it does not have jurisdiction. I believe I was talking precisely to the clause before the House.

In essence, I said I believed the commission would have nothing to do, because it is allowing the specialist workers to leave the service abattoirs, in order to ensure that those abattoirs become non-existent.

The CHAIRMAN: Order! Will the member resume his seat. It is not the member's place to discuss the general question. He must relate his remarks to the question of whether there shall be six, eight, or some other number of members on the commission and also to the other matters concerning the period of time. If he does not relate his remarks to the matters I have just mentioned, I shall be forced to sit him down.

Mr SKIDMORE: I have just patiently explained that to you Sir, and you may sit me down if you wish; but I will try again.

The clause intends to increase the number of members on the WA Meat Commission. We then look at the composition of the commission and see that there may be six, eight, or 10 members. The intention of the clause is to increase the number of members by two, and that number is germane to the issues involved.

If it were suggested that the two members should be appointed to the commission for the purpose of easing the work load, making the members more competent, or the work more easily carried out, I would challenge that. I used the illustration that one of the prime functions of the WA Meat Commission is to look after service abattoirs. I was saying that, by the destruction of service abattoirs, the need for the commission to have an increased number of members would appear to be non-existent. That in itself is something which should not be rejected out of hand.

I appreciate the point you have made, Sir, but I believe I was speaking specifically to the question of the number of members appointed to the commission. For that reason I felt I had a right to mention that, having regard for the future position of service abattoirs, the two additional members would not be of any assistance and probably would not be wanted. In the second reading debate the Minister tried to illustrate the worthiness

of the abattoirs and the necessity for the additional members of the Meat Commission. He asked me whether I was suggesting that workers should be kept on at the Midland Junction Abattoir when there was no work for them. On the one hand, I believe the present members of the commission can easily handle the job. On the other hand, I wonder whether in fact that is the case, because we have been waiting a considerable period of time to obtain a report from it on this particular issue. From the 30th June, 1978, to the 1st August, 1978, the staff at the Midland Junction Abattoir has been reduced by 73 workers.

The very point I am making is that if the service abattoirs are no longer in existence, the additional members will not be required. This is exactly what is happening.

It must be remembered that the commission has a charter to look after not only service abattoirs, but also the whole of the industry. If the two new members of the commission would be in a position to influence the activities in the private sector I would be prepared to support the move. That is about all I can say about the additional members.

The Government must be challenged on the way it has gone about this. There is no question that the two additional members are not warranted and even if they are appointed, the commission will have nothing to do in the future other than organise the private sector in the abattoirs because we will certainly then have no service abattoirs of any note.

Mr OLD: I feel I must reply because the honourable member demonstrates an abysmal lack of knowledge of the commission. It was not established to consider anything but service abattoirs. We have a Meat Industry Authority which is charged with that particular job and well the honourable member opposite knows it.

I assume he will be opposing the clause which will provide an extra two producers on the commission. Good luck to him. I have no doubt that what he said—that the present commission could well run efficiently without the extra two members—is correct. The addition of two members to the commission is in deference to the producers who want increased representation. This may not make it a more efficient operation, but at least it will be producer-oriented. I would be surprised if the honourable member votes against the clause, but we will wait to see what he does.

Mr SKIDMORE: I agree the Minister could have gained the impression that I would oppose the clause, but I do not intend to do so. What I said was that I oppose the increase of two members, but if those members look at the outside interests of the abattoirs, I would perhaps consider the matter in a different light. I do not vote against the proposal for two producer representatives to be on the board; in fact, I support it, and I believe the producers should be aware

of my support. The commission has not really done its job because in the past it has not looked after the primary producers.

Clause put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

House adjourned at 5.55 p.m.

