

Legislative Council

Tuesday, 20 September 1988

THE PRESIDENT (Hon Clive Griffiths) took the Chair at 3.30 pm, and read prayers.

FINANCIAL ADMINISTRATION AND AUDIT ACT

Report Tabling - Extension of Time

THE PRESIDENT: I table the following notification of extension of time for the tabling of annual reports granted under section 70 of the Financial Administration and Audit Act 1985 -

The Minister for Mines -

Annual report of the Coal Miners Welfare Board.

I table the relevant documents.

[See paper No 424.]

MOTION - URGENCY

Government Printing Division - Equipment Expenditure

THE PRESIDENT: I have received the following letter -

The President of the Legislative Council,
Parliament House,
Perth, W.A. 6000

Dear Mr President,

It is my intention to move the following Urgency Motion today.

In accordance with Standing Order No 63, I will move that the House adjourn until 10.30 a.m. on Friday, the 21st October, 1988, so that this House can express its concern over the Government's proposed expenditure of \$4.48 million on new equipment for the Government printing division and calls for a postponement until such time as an independent review has been conducted into:-

1. the productivity and profitability of the Government Print,
2. the capacity of the private sector to carry out more or all of the work has been assessed,
3. the cost benefits of such a move,
4. the ability of the private sector to absorb the staff of Government Print into the private sector,
5. the willingness of the private sector to train apprentices for the industry.

Yours faithfully,

Gordon Masters, M.L.C.

The mover of this motion will require the support of four members.

[Four members rose in their places.]

HON G.E. MASTERS (West - Leader of the Opposition) [3.37 pm]: I move -

That the House at its rising adjourn until 10.30 am on Friday, 21 October 1988.

This is a very important issue and I guess that the Government, or the Minister handling the debate on behalf of the Government, could say that the matter could have been raised by way of the Budget debate or during the debate on the Tabled Paper. The reason that I am not raising this matter during the debates on the Budget or the Tabled Paper is that it has become the Government's practice when debates of this nature have finished for the Minister to say, "I have heard all you have to say and I will reply in writing." Another reason that I move the motion today is that on one or two occasions in recent times Hon Max Evans and I have

addressed questions to the Minister handling this debate, Hon Graham Edwards, and we have received some rather offensive replies, or at least the replies were given in an offensive way. If we are not going to get the answer by the way of a question with a reasonable answer -

Hon Graham Edwards: Would you repeat that?

Hon G.E. MASTERS: I said I have found on a number of occasions quite recently that questions have been asked without notice -

Hon Graham Edwards: Questions on hanging.

Hon G.E. MASTERS: I have found the responses -

Hon Graham Edwards: I cannot help it if I address the truth and you do not like the truth.

Hon G.E. MASTERS: One question was about the housing industry indemnity fund, and I thought the answer was downright rude. In reply to Hon Max Evans, who asked a question on sport, again the answer was downright rude. We do not have to put up with this, Mr President, and that is one of the reasons why we have brought on this urgency motion today.

Hon Graham Edwards: If you don't like the heat in the kitchen, get out of it.

Hon G.E. MASTERS: "If you don't like it you can lump it!" This is the way it will be from now on.

Hon Graham Edwards: We will happily accommodate you.

Hon G.E. MASTERS: I am pleased about that. The Minister would know - members opposite are a bit sensitive - that the Printing and Allied Trades Employers Association has publicly criticised the Government for proposing to expend a large amount of money on the Government Printing Division.

Hon Garry Kelly: Does that make it right?

Hon G.E. MASTERS: The member will have his chance to speak later. A full page advertisement was taken out by the Printing and Allied Trades Employers Association and a full page reply by the Government is in today's paper. I will refer to that later in my speech. We are saying, and the trade is saying, there is no doubt that to invest large sums of money in this area will be a public cost, and we believe largely wasted. I will draw attention to the reasons a little later. As the Minister probably knows, the printing industry, in a letter dated 8 September 1988 to Hon G.J. Troy, Minister for Works and Services, made a number of points, and I would like to quote two of those references, which were -

The printing industry in W.A. has excess capacity and all equipment is under utilized. There is no job done at the State Printing Division that cannot be done by the private sector.

That is one important point. The letter continues -

- 2 The majority of printing companies in W.A. are owner/operated small businesses, who employ staff throughout the state, and they will have to compete directly with a government department - one of the only industries that must do so.
- 3 By scaling down and closing the State Printing Department the Government will obtain a considerable cost saving through utilizing the excess capacity already available in the private sector.

There are other references, and the Minister undoubtedly has that letter. Some very important points in that letter need to be addressed. First of all let me assure members I am not suggesting at this stage that the State Printing Division should close down. There should be an independent review, and that is what the motion says, and the matters I have addressed in the motion should be assessed. It may well be that in the course of debate the Minister is able to convince me of a need for us to keep the State Printing Division operating certain areas - it may be parliamentary. I want to hear the Minister's reply on this matter; I am not saying that is the position. The Government is proposing to invest large amounts of money in the division - this year it has been in the region of \$4.5 million; it will probably be the same next year and the following year, I do not know. I am raising the question of whether an independent review might reveal this is not necessary. I know the Government has had an internal review, and the Minister in another place has said he will not make the contents of

that review available to the Opposition, so we have to talk about these things as we know them and as the information is presented to us. The motion is quite clear and specific; it simply calls for an independent investigation. There may be areas where the money need not be spent; there may be a reason for it to be spent. We are saying that an independent review should be carried out and the information we have to hand at this time is that there is ample capacity in the State now at no cost to the public to do most of the work which will be carried out with a Government expenditure of \$4.5 million in the first year and perhaps a lot more in the future.

The West Australian of 13 September 1988, under the headline "Employers hit printing move" quotes all sorts of statements made by the industry and by the Minister responsible, Mr Troy. This is what the article says, "Mr Troy said that the division's staff had been cut by more than 100, and the losses of previous years would be turned around." It continues with a statement that the Functional Review Committee recently reported that all the division's work could be carried out by private printers, quoting Mr Scott. He is the spokesman for the industry. I want to know whether the review said that all the work could be carried out by the private sector, and if so why the Government has suddenly turned around on this issue. We need to look at it very carefully, because a colleague of mine in the other place, Bill Hassell, asked a series of questions, and the answers were very interesting. Bear in mind the review contains certain recommendations. One of the questions asked by Mr Hassell was, "Would the Minister table the report?" The Minister said he would not, and he said that the Functional Review Committee is part of the internal process for advice to Government and information concerning specific reviews and actions therein remain confidential.

As some of the information has already been leaked, surely that report might just as well be made public to clear the air. That will not overcome the problem I have, because I think the review committee had certain commitments to the Government. It carried out its job, but it is working for the Government and it is influenced by Government philosophy, and all those areas which dictate to the Government of the day. The answer was -

The PRESIDENT: Order! There are about six audible conversations being conducted in the Chamber and every one of them is out of order. I suggest honourable members cease those audible conversations and listen to the propositions being submitted by the Leader of the Opposition.

Hon G.E. MASTERS: The responsible Minister refused to make available to the Opposition copies of the review report. For that reason we have some doubt about its contents. Regardless of the review having being carried out by people appointed by the Government, we suggest an independent investigation be carried out. There are organisations throughout the world which can carry out these investigations and report properly. The Government does not hesitate to use the best people to produce reports at quite considerable cost, but we are talking about a Government division which may well have been losing \$2 million or \$3 million or more a year for a number of years. One such organisation is the Graphic Art Technical Foundation in Pittsburgh, Pennsylvania, USA. It may sound ridiculous to ask to have this organisation involved, but I understand it carries out such investigations all over the world and provides reports which no-one would argue about; they are genuine and demonstrate a real desire to come to grips with the problem, and more particularly to save the public money; not to spend money where it is not needed.

The industry claims there is ample capacity in the existing framework of the businesses operating throughout the length and breadth of Western Australia to do the work now done by the SPD. Most of those businesses are small businesses, not big businesses, where small businessmen put their dollars at risk and work around the clock to make a living. They are the lifeblood of Western Australia; they are what we depend upon. We are interested in getting a decent go for small businessmen, and we are strongly opposed to the Government's putting these people under pressure. Small businesses consist of self employed people doing a job and trying to make a dollar. Big Government comes along and puts them under pressure. That is wrong. The industry claims it can provide substantial savings to the people of WA. I have absolutely no doubt about that. I do not think Government members would dispute it. Where it comes to people working for their own businesses, they are able to do the job more cheaply than a Government enterprise. There is no shadow of doubt about that; it has always happened, and it has been proved over a long period of time. Let us save the public's money, because it is not the Government's money. These people should be given a

go. The industry claims that it has far higher productivity and efficiency; the Minister may query that statement, but I ask him to pay special attention to it. The small businesses - and the larger ones as well - in private enterprise are able to gain higher productivity and greater efficiency than Government departments.

I would like the Minister to make reference to the question of productivity. The State Printing Division has suffered considerable losses over time. Someone mentioned \$2 million last year, but many figures have been bandied around. However, whether the figure be \$1 million, \$2 million or \$3 million, it is a significant sum of money. In the Minister's reply to Mr Hassell's question, when he was asked for details of expenditure and revenue, it was clear that the figures given were based on expenditure and revenue and did not take into account many other factors. The figures given to Mr Hassell showed anything from \$500 000 profit last year to \$786 000, \$157 000, \$410 000, \$728 000 and \$448 000, in round figures, over five years. They did not take into account many other factors. Mr Hassell also asked whether the State Printing Division paid sales tax, and the answer to that was no; he asked whether it paid payroll tax, to which the answer was yes; he also asked whether it paid income tax, and the answer was no; and he also asked if there was a levy in lieu of income tax to the State Government, to which the answer was no, but that further consideration would be given to that when the break even point was exceeded. I suggest it could be easily arranged for the division not to pay income tax or anything in lieu of income tax. Mr Hassell asked further whether the division paid stamp duty, and the answer to that was no. That gives the State Printing Division and any Government department an enormous advantage over the private sector. Many businesses - whether small, medium or large - would like to operate under those conditions and be assured of Government work year in, year out. However, even though they do not get those benefits, they are still able to compete, undercut and work more cheaply than the State Printing Division.

The figures the Minister gave earlier show a small profit, but do not include the cost of buildings, maintenance of those buildings, capital investment and depreciation on equipment. I suggest that the Minister's reply has not taken those matters into account. Indeed the Press statements which the Minister and others have made suggest that the true figure is, say, \$2 million, give or take - I have read answers which indicate the figure is \$3 million; certainly it is in the millions of dollars. That is the point I am making. We have to address this. The Government indicated that the State Printing Division would decrease its work force by something like 100 workers, or 25 per cent. In the same breath, the Minister responsible said that the Government would spend \$4.5 million with no increase in printing capacity. He is really saying that \$4.5 million - the first stage in expenditure; similar amounts will be spent next year and in following years - is to do the work of those 100 workers. A hundred workers have been disposed of in one way or another; I am sure it was done in a very kindly way - they have not been thrown out on the streets - but nevertheless they have been disposed of.

Hon T.G. Butler: Not like the previous Government.

Hon G.E. MASTERS: Hon Tom Butler will find, if he reads the motion, that I am concerned with jobs in the printing division. I have a lot of time for them; they are good people. However I am concerned that public money -

Hon T.G. Butler: Something you were not concerned with when you were Minister for Labour.

Hon G.E. MASTERS: Hon Tom Butler has never been concerned about public money in his entire life. The Government is to reduce the State Printing Division's work force by 100 workers, or thereabouts, but the Government is to spend \$4.5 million, which I assume is to be spent on improving machinery to do the work of those 100 workers. However, I put it to the House that the SPD would have had to get rid of those 100 workers anyway. The fact is that the Government has lost a major contract; that is, the State Printing Division has lost a major contract dealing with the printing of the telephone directory, which I understand represented 30 per cent - or nearly one third - of its total work. Bearing in mind that the printing division has lost one third of its total work, it is now getting rid of 25 per cent of its work force. It seems to me that it would have had to do that anyway, and it does not provide any good reason for the expenditure of \$4.5 million.

Hon Fred McKenzie: Where did the contract go? It went out of Western Australia.

Hon G.E. MASTERS: Yes, it did. It went to private enterprise. The State Printing Division lost one third of its contracts and it is getting rid of one third of its work force as a result of that, not as a result of efficiency moves. At the same time, having lost one third of its work, it has two thirds of its workload left and it is still retaining virtually the same work force for that amount of work and will, in addition, spend \$4.5 million this year on new equipment when there is a capacity in the private sector to comfortably do that work.

Hon Fred McKenzie: Do you deny them updating their technology?

Hon G.E. MASTERS: I am not denying the State Printing Division anything. Hon Fred McKenzie is missing my point altogether. I do not mind if the State Printing Division updates its equipment if it has good reason. However, we are not in the business of competing with the private sector; we are not in the business of spending public money when that money does not need to be spent. That is my point. I am not saying that there is no need to update - and the Minister might tell me if there is -

Several members interjected.

Hon G.E. MASTERS: That is just not true. Had members listened to my earlier remarks they would know that although the industry itself said it could and should take over all the work, there may be good reason for the State Printing Division doing a certain amount of work in Government areas. It may be necessary - and the Minister may tell me whether it is - but I am asking: How much should it be involved in and why should it spend, if there is a capacity outside, a large amount of money to compete with the private sector? That is the objective of the State Printing Division and I will draw the attention of members to that soon. That is what concerns me and the industry.

Hon Fred McKenzie: If they can do it cheaper, why not?

Hon G.E. MASTERS: Who?

Hon Fred McKenzie: Government Print.

Hon G.E. MASTERS: Over the last five years the State Printing Division may well have lost something like \$10 million or more. In that time the private sector has gone about its business efficiently, with high productivity, and making a profit.

Hon Fred McKenzie: Updating.

Hon G.E. MASTERS: Is the member saying that the Government should spend \$10 million to update to compete with the private sector, which already has the resources to do the work? The private sector can do the job.

Hon T.G. Butler: You said there was a role for the Government Printer.

Hon G.E. MASTERS: I did, but the argument is: How big a role?

Hon T.G. Butler: Yes, let's qualify it.

The PRESIDENT: Order!

Hon G.E. MASTERS: I am opposed to the Government spending \$5 million or \$10 million in an area where there is ample capacity at present with the intention of competing with the private sector. That is what will happen; that is the important point. As I understand it, the Government has said there will be total Government work this year of something like \$30 million. Of that automatically \$12 million will go to the private sector; the Government then said that 25 per cent of the remainder - \$18 million - will go to the private sector again. The State Printing Division will then finish up with something like \$13.5 million. I may be wrong, but it is more than half. The Minister said that, and I accept those figures. However, the Government and the State Printing Division will not be happy to stay at that; they will go out and actively take some of the private sector work. They will compete at public expense, bearing in mind they pay no sales tax, no income tax nor a number of other taxes.

Hon John Halden: How do you know that?

Hon T.G. Butler: It is rampant communism. That is what we have here.

Hon G.E. MASTERS: I will tell the member in a moment. I suppose if Government members are happy to see public money being spent for the purpose of competing with the private sector and putting it out of business, that is up to them. I have explained what

"successfully" means. The State Printing Division has considerable advantages; it has Government backing - if it goes broke or underquotes, the Government picks up the bill; and it pays no sales tax or income tax. Members opposite have no idea what business is about. They have not the faintest idea.

Several members interjected.

The PRESIDENT: Order!

Hon G.E. MASTERS: As I said earlier, the State Printing Division will compete with the private sector. *The Civil Service Journal* carries an article under the heading, "Morale improves - Division survives closure threat." Mr Lloyd Graham, the Executive Director, apparently carried out the review. The article states -

... a Strategy Plan evolved which was approved by Government. The Strategy Plan is aimed at making State Print more effective and efficient.

Hon Fred McKenzie thinks that is fine. The article continues -

"Within two years we expect to be operating a completely viable commercial plant carrying out work second-to-none anywhere", Garry says.

The new marketing section is going after new orders and striving to improve service to existing clients.

Acting Manager John Strijk and his four client service officers are achieving results already.

Hon Fred McKenzie: You ought to be pleased about that. That is where all the money is being spent.

Hon G.E. MASTERS: It is spending public money to compete with the private sector.

Hon Fred McKenzie: My understanding is that this is money from the profit made on the sale of machinery.

Hon G.E. MASTERS: It is marvellous: The Government sells equipment, land, housing or property and rushes out to spend the money. Does the Government not realise that this \$4 million or \$5 million could be used to keep taxes and other charges down? The mob opposite rushes out and spends every penny it gets its hands on when the idea is to reduce taxation and put some work into the private sector where it can be done more cheaply. The State Printing Division will employ an aggressive sales campaign to bring work in, as it never has in the past, according to this article. It is competing with the private sector with advantages that the private sector does not have. Is that fair, when it is done at public expense?

Hon John Halden: Why not?

Hon G.E. MASTERS: "Why not?" is the answer from the Government, and I can understand why - it is this Government's policy and philosophy. The Government should do everything, and to hell with the small working man who is working his guts out day in and day out, risking whatever he has. I have done that. Members opposite have not, and would not understand it.

Several members interjected.

The PRESIDENT: Order! The next member who continues to interject will be on the receiving end of one of the Standing Orders which suggests that he will spend the rest of the afternoon outside this Chamber. I suggest that members let the honourable member complete his comments, as the quicker he does that, the quicker they will be able to make their own.

Hon G.E. MASTERS: I draw the attention of the House to a letter which I have from the Country Shire Councils Association of Western Australia, dated 2 September 1988. It says -

Dear Sir

PRINTING OF WA MUNICIPAL DIRECTORY 1988/89.

Thank you for submitting a quotation for the printing of the Municipal Directory, in response to my letter of 8 August 1988.

Unfortunately, I must inform you that you are not successful on this occasion.

It has been decided, on this occasion, to engage the services of the State Printing Division who provided an extremely attractive quotation of approximately \$6 200.

Again, as I say, the State Printing Division has competed with the private sector with the undoubted benefits which it has through not having to pay sales tax and other costs. With Government support it is able to make that sort of offer and undermine the private sector.

Members will know that a full page was taken up in the *The West Australian* by the Printing and Allied Trades Employers Federation of Australia. I have already referred to this. It is interesting that, as a result, the Minister of the day and the Government reacted - I could say violently - with some vigour. That was a direct attack on small business and those people who are working their guts out to make a dollar. The article was headed, "The Printing & Allied Federation of Australia", and says, "Now they want to destroy the State Printing Division to top up their own pockets." That is an insulting thing to say to a group of people.

Hon Garry Kelly: That is terrible.

Hon G.E. MASTERS: The article then makes certain statements. I was not going to speak on this matter, as I wished to have further thought on it, but the advertisement was so insulting and wrong that I thought it necessary to make this speech today. This is the quote from the newspaper -

Hon T.G. Butler interjected.

Hon G.E. MASTERS: The honourable member does not care about people, but I do. He has been in trouble before with his rude remarks when a group of people were watching from the gallery some 12 months ago. He should be careful otherwise he will have his name in the newspaper again.

Hon T.G. Butler: What are you talking about?

Hon G.E. MASTERS: The honourable member knows very well what I am talking about. The article says -

Confidentiality.

Important Government publications such as Budget, Education and Examination papers and other on-going confidential Government documents need the top security guaranteed by law at the State Printing Division.

That is saying, I guess, that the private sector cannot be trusted, yet time and time again the private sector prints documents for public companies, deals with issues in the share market and confidential reports, and does so with integrity and honesty. It is wrong and insulting to say the private sector cannot be trusted.

Hon Fred McKenzie: They did not say that. You guess that is what they said.

Hon G.E. MASTERS: The article is saying the work really cannot be entrusted to other people.

Hon Fred McKenzie: They did not say that. That is not said there. It is your guess, and it is a bad guess.

Hon G.E. MASTERS: It is a dead right guess. I will read it again. It says -

Confidentiality.

Important Government publications such as Budget, Education and Examination papers and other on-going confidential Government documents need the top security guaranteed by law at the State Printing Division.

That is saying the private sector is not top security.

Hon Fred McKenzie: They did not say that.

Hon B.L. Jones: They may be discreet, but they are not top security.

Hon G.E. MASTERS: If I was in the industry I would interpret it as meaning just that.

Hon T.G. Butler: You are wrong.

Hon G.E. MASTERS: I will make the point again to the Minister, in case he misunderstood.

I am not saying there are no documents which should be printed by the State Printing Division. I am not saying that the State Printing Division should be wound up. I am saying there is probably a role for the State Printing Division to play but it is not a big one and, more importantly, it should not be competing with the private sector at public expense, with considerable advantages.

The next point concerns speed and accuracy. It says -

Hansard is typeset, printed and published by the State Printing Division overnight ensuring the smooth flow of our Parliamentary procedures.

Does that mean to say that the private sector, if it was under contract, would not perform at night and produce the goods on time as the Government State Printing Division does? Of course it would. That statement is saying that because the Government can do it, the private sector cannot.

Hon Fred McKenzie: They are doing it, that is the point. We are not saying the others cannot do it.

Hon G.E. MASTERS: There is no excuse for not looking at the private sector to do this work. That is the point I am making. The next point concerns efficiency, and says -

Staff levels have been reduced by 30% over two years while full production levels have been maintained.

Of course production levels have been maintained, but money has been lost year after year, even though the work force has been reduced by 30 per cent.

Hon Fred McKenzie: Year after year?

Hon G.E. MASTERS: Yes. Certainly over the last five years, according to the figures I have. Training is an important area. The article says -

15% of all printing apprenticeship opportunities for young Western Australians are provided by the State Print Division . . . and many have won apprenticeship awards.

That is fine.

Hon Fred McKenzie: Very commendable.

Hon G.E. MASTERS: I commend them. The motion I have before the House says that the investigation should include an inquiry into the willingness of the private sector to train apprentices in the industry. If the State Printing Division does less work and cuts down more than it has now, there would need to be an understanding within the private sector that if the State Printing Division could not take on the number of apprentices it presently has, they would have to be taken on by the private sector, and I accept that. I accept that apprenticeships must be continued and that the training of young people is very important. I am saying it should be part of a review to ascertain whether it is possible. The next point deals with responsibility and reads as follows -

The \$5m expenditure on high-tech equipment this year is being totally funded by the sale of older surplus equipment - **NOT THE TAXPAYER.**

That is probably the most insulting statement about the intelligence of the public that I have read for a long time. The Government believes it will not be at a cost to the taxpayer because \$5 million will be received from the sale of the old equipment and \$4.5 million will be spent on new equipment. At whose cost will it be? The taxpayer owns the equipment, and the Government should not play around with it.

Hon T.G. Butler: Isn't it good business?

Hon G.E. MASTERS: It is not good business. The inane remarks made by Hon Tom Butler show that he has not been in business. All he does is wave the red flag day in and day out. The next point concerns accountability and reads as follows -

The \$3m losses of 1986 will be slashed to less than \$1m this year . . . and a balanced budget is projected to next year.

Of course the Budget will be balanced with the new equipment, and the Government is employing people to compete with the private sector, with the advantages about which I have spoken. If the Government cannot make a profit in this area, it never will. I doubt whether it will.

Hon Mark Nevill: Good management will allow us to do that.

Hon G.E. MASTERS: The advertisement concludes as follows -

We are not going to throw 120 years of experience, skills, excellence and proven performance down the drain -

Who is suggesting that it is being thrown down the drain? The people involved in the State Printing Division should be absorbed into the industry elsewhere. I am not suggesting they be thrown on the scrap heap and I am not suggesting the SPD should lose all its work. I have made that statement time and time again. It is stupid to put that forward in an advertisement. The advertisement continues -

- to prop up the questionable commercial decisions of some private printers.

Hon G.E. MASTERS: We are talking about small and large businesses, and because they dare to challenge the Government of the day not to spend taxpayers' money in areas where it is unnecessary so as to compete with the private sector, the Government insults them by saying they only want this work to prop up the questionable commercial decisions of some private printers. I am sure they are not likely to forget about it in the future. It is not the way to go about it.

My motion has been moved to bring these matters to the attention of the House and hopefully to the community and to demonstrate that this Government does not give a damn about small business and will do what it wants to do, at taxpayers' expense, when it feels like it.

HON GRAHAM EDWARDS (North Metropolitan - Minister for Consumer Affairs) [4.14 pm]: The Government does not support this motion and its call for an independent review. The Government has not done an about face on this issue as has been suggested by the Leader of the Opposition. The Government will not make public the results of the Functional Review Committee inquiry. The Leader of the Opposition should be aware that a functional review document is not a public document. It is a policy document which provides confidential advice to Government. It is simply not appropriate to make such a report public. The Minister who has been handling this matter extremely well -

Hon G.E. Masters: Today's advertisement is insulting and does not do him any good. It shows his utter contempt.

Hon GRAHAM EDWARDS: The Minister who is handling this issue very well is aware of the difficulties in the industry. However, the difficulties simply do not arise, as Hon Gordon Masters has claimed, because the Government is putting pressure on the poor little businessmen.

Hon G.E. Masters: You said that with contempt in your voice.

Hon GRAHAM EDWARDS: I am happy for the Leader of the Opposition to continue interjecting. I do not think he made much sense during the course of his speech and he is not making sense in his inane interjections. I am happy for him to continue interjecting if he has small points to make.

The PRESIDENT: Order! There seems to be a demarcation problem. Perhaps I will engage the services of Hon Tom Butler to give me a hand to remind members that I am the person who will decide whether the Leader of the Opposition will continue to interject. I am saying he cannot. The Minister cannot invite him to interject and I suggest that he does not.

Hon GRAHAM EDWARDS: Thank you, Mr President, your request is a reasonable one and, as always, I support requests from the Chair.

The Government views this as a serious matter and one which it will address in serious terms. I simply do not share the frivolity which has been evidenced by members on the other side of the House this afternoon.

Hon G.E. Masters: There has been no frivolity on this side of the House.

The PRESIDENT: Order! When I call members to order, that is what I mean.

Hon GRAHAM EDWARDS: As I said earlier, the problems of the industry have not been brought about because the Government is being big brotherish or is putting pressure on small business people. The problem has been brought about because of over capitalisation and technological change in the industry and, indeed, because of the business turnaround

following last year's stock market crash. Already a review has been conducted and it put forward an option which this Government has adopted. The option to which I am referring is to continue the operations of the State Printing Division and to ensure that it becomes a viable, efficient and cost neutral service which provides a good service to the Government of the day and to the taxpayers. We do not need a review to assess the capacity of the private sector to carry out additional State Government printing tasks. The question is irrelevant.

Hon G.E. Masters: You accept it can?

Hon GRAHAM EDWARDS: I am saying that the question raised by the Leader of the Opposition in his motion is quite irrelevant. The Government intends to retain the State Printing Division.

Hon G.E. Masters: It is incredible.

Hon GRAHAM EDWARDS: We have before the Chair a call by the Leader of the Opposition to get rid of the SPD.

Hon N.F. Moore: He did not say that at all. It is not true.

Hon GRAHAM EDWARDS: What does the Leader of the Opposition intend should be done with the current employees who are working hard? What option does he have in mind for them? I suggest he has not taken two moments to consider the future of those employees.

Hon G.E. Masters: You have not bothered to read the motion.

Hon GRAHAM EDWARDS: It seems they will go the way of other Government workers if by some unfortunate means this Opposition ever regains Government in this State. It is misleading of the Leader of the Opposition to say that the State Printing Division intends to take over private enterprise or to socialise the printing industry; it does not compete for private work. I am surprised that the Leader of the Opposition is not aware of that.

Hon G.E. Masters: Your own director said that it would do just that.

Hon GRAHAM EDWARDS: The work for which the State Printing Division competes is Government work. I am sure that the State Printing Division employees will be interested to know what the Opposition has in mind for them in future.

Hon G.E. Masters: Luckily they will be able to read *Hansard* and get the true picture, not just hear your remarks.

Hon GRAHAM EDWARDS: The Leader of the Opposition is offering those people unemployment.

Hon N.F. Moore: That is not true at all; you should have listened to what he said.

Hon GRAHAM EDWARDS: At the moment there is printing work totalling \$30 million; of that amount \$12 million goes direct to the private sector; the remaining \$18 million is coordinated by the State Printing Division, and of that \$18 million approximately one quarter is sent to the private sector. This leaves the State Printing Division with work to the value of around \$13.5 million, which is less than 50 per cent of the market. It seems to me that the Leader of the Opposition wants the State Printing Division to reduce its share even more.

The Leader of the Opposition referred to the money which had been derived from the sale of equipment; however, the sale of equipment is not the only step that has been taken to ensure that the State Printing Division becomes the viable and efficient service about which we have spoken. It is simply not true to say that the only way the State Printing Division can become viable is to find it a greater share of the market. I inform the House of a number of other measures that have been taken to achieve that efficiency: The establishment of a revised organisational structure prescribing a staff reduction of 155 positions over the levels applying at the time of the functional review - a number of efficiencies have been created in that area; the finalisation of a redundancy strategy involving retraining, redeployment and voluntary severance; the introduction of a revised arrangement for the production of the parliamentary *Hansard*, which incorporated new technology and will save the State approximately \$408 000 per annum; the lifting of the restriction on the use of technology - that is certainly a big factor in the industry; the development of a new consultative arrangement to facilitate the ongoing introduction of technology; and procedural changes and the elimination of disputes and restrictions of the past. Certain other steps have also been taken, such as a

revision of factory work flow to improve productivity, review of work practices involving the reduction of manning levels on machines, and the elimination of unnecessary checking personnel. The approach to the achievement of efficiencies within the State Printing Division has not been a single line approach. Obviously the functional review was in itself a very good review which set the basis for the State Printing Division to continue, and to achieve the efficiency in that continuance. I said that in moving towards these efficiencies a number of positions were reviewed; at the time of the review approximately 471 personnel were employed at the State Printing Division, and by approximately October of this year that number will be reduced to 306. We should recognise the steps that the State Printing Division has taken and we should encourage it to continue to take those steps and to work towards the achievement of that efficiency. It is interesting to note, and it is very much a part of the debate today, that every State Government, and indeed the Federal Government, of this nation has its own printing service. The Government needs that service for the security and confidentiality it can provide.

Hon G.E. Masters: Did I say that should not apply?

Hon GRAHAM EDWARDS: Why should Western Australia not have the same service that is provided to every other State in this nation?

Hon G.E. Masters: You have a prepared speech and you have not listened to anything I said.

Hon GRAHAM EDWARDS: Of course I do not have a prepared speech; what absolute nonsense. I am merely dealing with the points as the Leader of the Opposition raised them. The arguments put forward by Hon Gordon Masters are so inappropriate and so weak that one would not need a prepared speech to deal with them. The member continually interjects to make the points that he did not make during his own speech. He will have the opportunity to reply to my comments.

Hon G.E. Masters: You wonder why we don't ask questions any more; it is just not worth it.

Hon GRAHAM EDWARDS: I am happy to deal with that at the appropriate time and to deal with any emergency motion moved by the Opposition; that presents no problem. However, before the Opposition takes that course, I suggest that the Leader of the Opposition do more homework into the area he proposes to debate if he is to succeed in convincing the House that he knows what he is talking about. The speech he made today would not convince anyone that he knows what he is talking about and it certainly would not convince the industry.

Hon N.F. Moore: You just don't listen to what is said.

Hon G.E. Masters: Time will tell.

Hon GRAHAM EDWARDS: We do not need a review to assess the capacity of the private sector to carry out the additional State Printing Division tasks that it seeks to carry out. It is simply not appropriate for the State Government to wind up the State Printing Division, as suggested by the Leader of the Opposition.

Hon G.E. Masters: That is not true.

Hon N.F. Moore: When did he say that?

Hon GRAHAM EDWARDS: Of course, there is a hidden agenda. This Leader of the Opposition has never shown any care or concern for the State Printing Division and I do not expect that he will show any concern or care for it in the future. It is simply not appropriate for the Government to further tamper with the State Printing Division; it is not appropriate to attempt to put it further behind the eight ball; it is not appropriate to tamper with the efficiencies that have been achieved by that division; and it is not appropriate for the Leader of the Opposition to say in this House that the State Government should be denied a service with which every other Government in this nation is provided. The best way we can protect the taxpayer and those small business people who are trying to make ends meet - and for whom I have a great deal of sympathy -

Hon G.E. Masters: I thought you said that their capacity was irrelevant.

Hon GRAHAM EDWARDS: - is by putting in place a cost neutral, confidential and secure State Printing Division which will go on to serve Governments of any colour in the future. It is perhaps a pity that the many years of neglect it received from the Liberal Party when in Government led to the efficiencies which had to be introduced in 1986.

[Resolved, that business be continued.]

Hon GRAHAM EDWARDS: With those comments, I believe I have addressed the issues.

Hon Fred McKenzie: Would you repeat the last point; I did not catch it.

Hon GRAHAM EDWARDS: I was saying that we should be working with the State Printing Division to achieve a neutral, confidential and secure State Printing Division. I remind members opposite that we require that security and confidentiality because of the need to print things such as - and the member referred to this, but did not pay much attention to it - the Budget and examination papers. The best possible way to protect the industry and look after the taxpayers of this State is to allow the State Printing Division to achieve those efficiencies and to provide those services. I ask members to reject the motion.

HON MAX EVANS (Metropolitan) [4.33 pm]: I want to take part in this debate because I believe that, although a lot of the generalities have been mentioned, some of the facts should be put in *Hansard* for the future record about this subject so that the public will know what we are really talking about.

The revenue of the State Printing Division for last year shown in the Estimates of Revenue and Expenditure for this year was \$20 million. It comprised \$10 333 775 for State Government departments, \$2 335 433 for State business undertakings, \$6 464 476 for Commonwealth departments, and \$897 266 for miscellaneous items. This year the Government is budgeting for \$13.9 million - a reduction of \$6.1 million - which comprises \$9 940 000 for State Government departments; \$2 818 000 for State business undertakings, and that is up \$500 000 from last year, because more State business undertakings have been developed, and the Government is doing more printing to sell itself to the public; \$167 000 for Commonwealth departments, which is a reduction, and that is probably because we lost the telephone book contract; \$201 000 for local government, and that is probably the letter mentioned by Hon Gordon Masters, because local government is being approached for printing; \$545 000 for miscellaneous items, which is down on last year by \$350 000; and \$249 000 for non operating revenue. That last figure probably represents the sale of scrap and old plant and machinery, which comes in as sales but should not be included in sales under normal accrual accounting. So we have a reduction in revenue of \$6.1 million, yet the Government says it is upgrading the State Printing Division to do more work for the Government and to raise more revenue. Where can we find this in the Budget? We should be able to find where it will come from, and it should be stated in the Budget. I give credit to the Government because I have been told it has reduced the employee work force from 471 to 306 -

Hon Graham Edwards: That has not yet been achieved, but it will be achieved.

Hon MAX EVANS: The Minister said it had been achieved.

Hon Graham Edwards: I said it will be achieved by October this year.

Hon MAX EVANS: So it has not yet been achieved, but God willing it will be achieved. I am not certain who God is around here that will achieve that.

Hon T.G. Butler: You are nearly as bad as Mr Masters in making those sorts of assumptions.

Hon MAX EVANS: I am glad the member came in on this debate. He may be able to make a contribution. He may be able to back up the Minister, who has had his say, and we will wait for the member to have his say.

The expenditure vote last year for the printing services was \$9.1 million, and the expenditure for this year is \$9.7 million, which is up by \$600 000. I was interested to see a note - which complements what the Minister has said - that the vote this year is \$8.4 million, down \$1.3 million on last year, which is very good, and that must represent the savings in labour. We know that we have a large drop in revenue, but what else do we have? The estimated total cost for the State Printing Division for works in progress and completed works was \$540 000 for a perfector press, and \$1.2 million for other plant and equipment; and for new works to be brought on stream this year \$410 000 for an automatic page imposition and proofing system, \$939 000 for a binding line, \$678 000 for an electronic publishing system, \$500 000 for a five colour offset machine, and \$623 000 for other plant and equipment. This results in a capital expenditure this year of \$4.482 million, which is nearly as much as the drop in revenue for this year, with no sign of where it will come from. The Government has

said already it will not go outside to get work. I would have thought that all the new equipment could be available on a subcontract basis. I understand the State Printing Division brought in a colour printing machine from Japan which required two employees to run it. However, because of the work practices they were required to have four employees, which made it uneconomical.

We have heard about the savings which have been made in this Parliament for our printing, and a lot of the credit must go to the Clerk, who has changed the technology whereby material to be printed goes down the line to the computer. There has been a major saving in the printing of *Hansard*. These changes required the Treasurer to step in to change the work practices, which were to continue to maintain the existing work force. This is why there will be a drop in the work force.

What we have overlooked in all Government departments is accrual accounting, and the return on funds invested. The value of the building and assets of the State Printing Division is something on which the Treasurer must get a return. It is just written off in the General Loan and Capital Works Fund. The Treasurer pays \$4.8 million for new capital equipment, plus about \$20 million that is already there. He is not looking at a 10 per cent return; he is not looking at depreciation, because there is no accrual accounting. He only shows a return on the cash outlays, and looking at it very quickly there will not be much cash outlay or profit. In fact, I believe the sales of \$10 million last year for State Government departments could possibly represent the sale of old plant, because I cannot find where the sale of the old plant has gone - the large colour printing press. The State Printing Division does not have to show a return on capital. The Government has said the port authorities must get a return on capital, but what will the State Printing Division have to do? The State Printing Division has a major problem in that it is required to print *Hansard* for only 22 weeks of the year. It is a rush job, a one off type job, which is now very specialised and highly automated because nearly all the work of our *Hansard* reporters goes down the line by computer to the printer, and then comes back here every day, which is more efficient than what we had before.

The Estimates show that \$4.8 million will be spent next year for the State Printing Division. There will be no accruals for the purchase of paper, inks, or for cleaning costs. There are no costs for superannuation because that comes out of the Consolidated Revenue Fund, and there are no costs for long service leave. These costs are not taken up in the costing of the State Printing Division, as far as I can see on a cash receipts and payments basis. It does not look very good. If we start bringing in these other expenses I can see there will be an absolute disaster. The State Printing Division should be used for the specialised printing that is required by the Government. As for confidentiality, I would trust all the private printing firms around town as much as I would trust the State Printing Division. These printing firms are in a game where trust has always been supreme for printing lottery tickets and company balance sheets. Confidentiality and professionalism have always been there, and it would not be worth their lives to not have confidentiality, so I would trust them. The Government has suddenly got this wonderful idea to print all the beautifully coloured brochures to create the image of our Premier, the Western Australian Family Foundation and the Crime Prevention Unit. All these interesting booklets are coming out - hundreds of thousands of copies of them. Have they been done by the State Printing Division? I presume they have not. They are going outside to the private sector, but the Minister wants the work back. He realises that it is very profitable, and the Government has found a new niche in this type of work. The Government can guarantee a large volume of colour work for the State Printing Division, because it suits the Government's image. I believe this is being done for the wrong reasons. The State Printing Division should consolidate what it has, because this capital growth does not make economic sense. Smaller numbers, smaller turnover, and so on, will not make financial sense. If a system of accrual accounting were used it would make even less financial sense. There would be a huge loss and that is to be deplored because we cannot afford further losses in Government departments. This is no good for the morale of the department. If there is a loss there will be more pressure on the people to make the place more efficient.

I return now to the attitude of the Minister. He is becoming inconsistent, a little like a cricketer who never bowls the ball in the same direction - one cannot predict where he will hit it. The Minister's intentions are becoming very spiteful. He was spiteful to Hon Gordon Masters today, threatening that when the unions find out about this, jobs will be lost. He was

spiteful in answer to my questions on sport the other day, and so on. It does not do him justice; it is a defence mechanism to make him seem tough. He is a nice guy and there is no need for him to make spiteful comments. He should treat members in a normal way, and not threaten that we will put people out of jobs.

I support the urgency motion moved by Hon Gordon Masters for a close look at the needless expenditure on the State Printing Division. Some people might say, "It is only \$4.8 million; so what?" It is a lot of money which takes a lot of collecting and which could be used in many other places. The Government should be responsible with money and where it is used because there will be an ongoing cost. If more equipment is brought in and more staff are hired, extra costs will ensue which will be an imposition on future Budgets. It is unfair to put this item in the Budget and to go back to big Government; it is unfair to buy all the equipment associated with colour printing and then, because there are problems with unions and so on, sell it all again. I understand they made a profit out of it. That is good, but the Government should not be in the business of buying and selling capital plant and equipment. I support the motion.

HON G.E. MASTERS (West - Leader of the Opposition) [4.42 pm]: To say that I was disappointed with the response of the Minister would be putting it mildly. He deliberately distorted some of the comments I made, and I emphasise the word "deliberately" - he knew exactly what he was doing. It is quite obvious he did not even read the motion before the House. The motion says that the expenditure of something like \$4.5 million should be postponed until an independent review is carried out. That is all we are asking.

We have not been given the review made available to the Government; we are supposed to take the word of the Government on this matter. The first point I make is that an independent review would examine the productivity and profitability of the State Printing Division. I understand that the review made available to the Government did say that the productivity of the State Printing Division is low, and certainly we know the profitability is nonexistent. The next point is that there should be an examination of the capacity of the private sector to carry out more or all of the work and make sure that has been assessed. I emphasised, re-emphasised, and said it again: It is not the intention of the Opposition to close the State Printing Division.

Hon Graham Edwards: Just to force it out of business.

Hon G.E. MASTERS: We have said there may be good cause for that division to continue to operate in certain areas. I cannot say it more plainly than that; it is the fifth time I have said so.

Hon Graham Edwards: You just want to force it out of business.

Hon N.F. Moore: That is not true.

Hon G.E. MASTERS: Having made our position absolutely clear for the fifth time, what we are talking about is whether there is a need for the State Printing Division to operate at the present level, and if the Government has its way an increased level, in competition with the private sector and at public expense.

Hon Fred McKenzie: Don't you like competition?

Hon N.F. Moore: You would not know what it is.

Hon G.E. MASTERS: I was astonished when the Minister said the capacity of the private sector is irrelevant to the considerations.

Hon Graham Edwards: I did not say that at all, I said your motion was irrelevant.

Hon G.E. MASTERS: When we were talking about the capacity of the private sector to carry out more or all of the work the Minister said, "That is irrelevant." That was the word he used - he should read *Hansard*.

Hon Graham Edwards: I said your motion was irrelevant.

Hon G.E. MASTERS: It is on the record. If the Government considers that the private sector is irrelevant in this area, I suppose it applies that sort of consideration to everything it does and that is the reason it is interfering in the private sector day in and day out.

Hon Graham Edwards: The industry is a little more intelligent than you give it credit for.

Hon G.E. MASTERS: There ought to be an economic statement or some sort of statement saying exactly what the prospects are. Hon Max Evans was quite right when he said any business enterprise spending that kind of money would work out what the benefits at the end of the day would be before investing the money, not afterwards. That is the business way of doing things, but of course it is not the way of this Government.

Hon Fred McKenzie: It has all been done.

Hon G.E. MASTERS: Would Hon Fred McKenzie care to table those papers?

Hon Fred McKenzie: Not for you.

Hon G.E. MASTERS: The next point is that the independent examination should look at the ability of the private sector to absorb the staff of the State Printing Division into the private sector. My understanding is that the industry itself - the industry group - has written to the Minister assuring him that those people could be accommodated and absorbed. It is not, never has been, and never will be our intention to have those people sacked and let them go on the rubbish heap. The Minister said we are proposing that and it is totally and completely untrue. The next point is the willingness of the private sector to train apprentices for the industry. I accept that if the private sector did not accept responsibility it would not be a consideration before the House but I am quite sure it would do that, given the opportunity.

I have gone through the case point by point because the Minister deliberately distorted it and did not address the motion at all. The Government says it is not tampering with the State Printing Division as it is now. I do not regard the reduction of staff by 150 employees as tampering but certainly it is doing a bit of an operation on it; the investment of \$4.5 million is not a lightly carried out exercise and is not tampering but is giving it a general operation. The Government has made it quite clear it will not make available any of the contents of the review report, but it just so happens that I have a couple of pages of it which give some of the recommendations and investigations, and I will put them on record.

Hon Fred McKenzie: Where did you get that?

Hon G.E. MASTERS: It just landed on my desk today.

Hon Fred McKenzie: Oh, yes? Leaked?

Hon G.E. MASTERS: I do not know what it was. Somebody obviously had an interest and passed on these pages. Hon Fred McKenzie will not mind because he said there was nothing secret in them. On page 2, under the heading "Operational Loss", the review report says -

The annual statements of revenue and expenditure indicated that the Division made a small surplus in 1985/86. However, a number of significant business expenses were not taken into account in the statement of expenditure. These expenses included interest and depreciation on capital equipment, rent on buildings and provisions for superannuation. Had these factors been taken into account the division would have shown a net loss of over \$2 million in 1985/86. Losses of a similar level have been incurred in previous years.

It is not my report, it is the report of the Government. I will quote from it again. Under the heading "Productivity" it says -

The review found that productivity at the Division is substantially below that achieved for similar types of work elsewhere in the printing industry.

Over the page, under the heading "Functional Review of State Printing Division" the report states -

As with other Government printeries, the Division's primary responsibility is to print Acts and Bills, Hansard and other Parliamentary papers. However, Parliamentary work accounts for less than 10% of the Division's printing and the bulk of its operations are directed at printing a wide range of stationery, books and reports for Government departments and statutory authorities.

The Division differs from other Government printeries in that it has a contract with Telecom to produce Western Australian telephone directories. The directories comprise about a third of the Division's work.

I point out here that one third of the division's work has been lost; no wonder that the labour force has been reduced.

Hon E.J. Charlton: That was the part that they forgot to print.

Hon G.E. MASTERS: It is interesting, Hon E.J. Charlton, that the company that purchased equipment from the Government was the company that won the telephone contract. The State Government price for the same equipment was \$7.1 million, and the company with the equipment is quoting \$6 million; that is, 18.3 per cent cheaper. The comments from the review continue -

One of the most significant findings of the review was that there is no aspect of the Division's work which could not be carried out by other printers. In this context the operation of the Division is not seen by the Functional Review Committee as an essential function of Government.

That was the report to this Government, which goes on -

The review found that the Division is not performing well in relation to the printing industry as a whole and is currently operating at an annual cost penalty to Government of over \$3 million. The main reasons for this were as follows:

The review then covers manning levels, work practices and so on. Under the heading "Charging Practices", the review continues -

The Division's monopoly over printing for Government departments has sheltered it from competitive pressures. This lack of competition has led to the development of poor charging practices.

Further on the review continues -

Response Time - The excessive time taken to complete printing jobs was one of the major criticisms levelled at the Division by its clients. The review findings supported this criticism, revealing that the Division is significantly slower than private sector printers in many instances.

Mr President, in the light of those statements, and bearing in mind that the committee finally said that the State Printing Division should continue with more equipment and that it should be given another chance, I put to you that that was because of the Government philosophy. Had it been an independent review carried out by private enterprise it would have recommended that the State Printing Division should be reduced but not discontinued - nor do we think that it should be - then the result would be different and the taxpayers would not be spending \$4.5 million.

I re-emphasise the statement from *The Civil Service Journal* which said that an aggressive sales campaign has brought in work from agencies that never used the State Printing Division in the past. It is going out and competing with an advantage, with Government backing. It does not matter if it loses in competition against the private sector because the Government and the public will pay. I have read a letter dealing with a local government issue that emphasises that very point. It is not right to see the State Printing Division using special people to take work from the private sector - and the Government intends to spend more money to facilitate that objective.

Mr President, I recognise that having made those comments in putting the Minister's speech right, having moved the motion and having spoken strongly to it, and in no way resiling from what I have said, my duty is to seek leave to withdraw the motion before the House. The motion is to adjourn the House until 10.30 am on Friday 21 October 1988. In moving that motion I am then permitted to debate a particular matter. I am not withdrawing the motion which deals with the things the Government ought to be doing in addressing the State Printing Division, or the productivity of it, or the independent inquiry. I am simply withdrawing the adjournment motion and I stand by everything else I have said.

Motion, by leave, withdrawn.

BILLS (2) - THIRD READING

1. Agriculture Bill

Bill read a third time, on motion by Hon Graham Edwards (Minister for Consumer Affairs), and returned to the Assembly with amendments.

2. Acts Amendment (Children's Court) Bill

Bill read a third time, on motion by Hon Graham Edwards (Minister for Consumer Affairs), and transmitted to the Assembly.

CHILDREN'S COURT OF WESTERN AUSTRALIA BILL

Report

Report of Committee adopted.

Third Reading

HON KAY HALLAHAN (South East Metropolitan - Minister for Community Services) [4.58 pm]: I seek leave to proceed forthwith to the third reading.

Point of Order

Hon G.E. MASTERS: I seek your guidance, Mr President, because our spokesman, Hon Phillip Pandal, is not in the House. I am therefore not inclined to agree to the third reading.

The PRESIDENT: The Standing Orders are in place for members to use. That is not a point of order.

Debate Resumed

Hon KAY HALLAHAN: I do not want to appear to disregard what the Leader of the Opposition has said regarding his wish to object to the third reading. This leaves one in a dilemma.

The PRESIDENT: Order! There is very good reason for the existence of Standing Orders. A member can seek leave to disregard a question. All it takes is one voice. It is not for the Chair to determine whether the House determines one way or another. The Minister has sought leave and I must put that question; there is no room for any discussion. This is not a debatable matter.

Hon KAY HALLAHAN: Could I change my motion to seek leave to consider the third reading of that Bill at a later stage of today's sitting?

The PRESIDENT: No, you cannot. The Minister should know that the procedures are very clear. Standing Orders say that if a Bill has been opposed or amended the third reading must be done on a day other than that of the adoption of the report.

Leave granted.

Bill read a third time, on motion by Hon Kay Hallahan (Minister for Community Services), and transmitted to the Assembly.

The PRESIDENT: Order of the Day No 4.

Hon KAY HALLAHAN: I move -

That Order of the Day No 5 be taken before Order of the Day No 4.

The PRESIDENT: The Minister should have done that before I put the question. I have put the question before the House that that Bill be now read a second time. It is wrong that I should be asked to withdraw a question which I have put to the House. I am not a magician; I can only take the Orders of the Day in the order in which they appear on the Notice Paper. If anyone wants to alter things, I should be told beforehand. I will forget this now.

Question put and passed.

**APPROPRIATION (CONSOLIDATED REVENUE FUND)
BILL**

Consideration of Tabled Paper

Debate resumed from 15 September.

HON MAX EVANS (Metropolitan) [5.03 pm]: The last few minutes have been very much like watching the swimming in the Olympic Games - it seems in each event we see one or two false starts. During the last 10 minutes there have been eight or nine false starts as to what we are or are not going to do.

Hon Tom Stephens: We have got a very fast man with the gun in the President's Chair.

Hon MAX EVANS: He is slow with the gun, which is why he had a false start and was too slow to pull the trigger. Anyway, we are up and running now.

Several members interjected.

The PRESIDENT: Order!

Hon MAX EVANS: I want to summarise the Estimates of Revenue and Expenditure of this Government in respect of the accounts for last year and the estimates for next year. Over the last two years I have learned that a lot of people read *Hansard*, including senior public servants, and they often wonder what the true picture is. They see the picture as it relates to their departments, but not the overall picture. I hope I can help.

The surplus from Consolidated Revenue was \$12 million, accumulated over the last five years. That is not much compared with the losses paid out last year on the Teachers Credit Society and the Swan Building Society, which were \$30 million - nearly two and a half times the Government's surplus. On the credit side the Government has, for the first time, advised of its secret reserves. These were built up from interest earned on the short term money market and totalled \$199 million over five years. I say "for the first time" because we have never before known what the figures were; we have had to estimate them. Two years ago the estimate was \$91 million in the short term money market, but nothing was paid in. Another year \$25 million was put in, but taken out again. We never know what the Government is doing with this fund. In bygone days this was called a slush fund. I do not believe it was, but it has become a slush fund of great proportions in recent years. If any one of us could run a business and have reserves of that magnitude, tax free, it would be wonderful, but that is not the way to run a business because the full facts are not known. If one tells the tax man it is a secret reserve, he still wants his tax to be paid on it. No-one else could have such a reserve. This is the first time it has been disclosed and we can see where funds are going. No interest has come from the short term money market during the last four years, just the earnings which have accumulated from the previous Government.

I regret that the Leader of the House is not here. I hope he takes the trouble to read my speech and bears in mind the comments I have made about improving the accounting system. The Leader of the House, as Attorney General, the head of the Department of Corporate Affairs, would never let a private sector company put through abnormal, extraordinary items in the Consolidated Revenue to bring down a surplus in order to make a comfortable balance at the end of the year. In principle, there is no real harm in that, but the problem is that we do not know the facts. It is impossible to ascertain the real facts in respect of Government expenditure.

The expenditure figures show that the Government averaged \$330 million a month until June, when the amount went up to \$450 million, being a blow out in Government expenditure. Why? Because there was a good surplus, and that is to the Government's credit - it put up stamp duty on housing, transfer of cars, and so on. The Government has not only increased revenue but also the dealings in the city between Holmes a Court and the SGIC have brought revenue of \$30 million in recent months.

Where are the extraordinary payments for the last year? Looking through the Budget it can be summarised quickly in Miscellaneous Services and other items. About \$215 million in extraordinary payments has been made out of CRF this year because the Government wants to go on a big spending binge before the coming election. The new 1987 Act relating to superannuation has meant that lump sums may be paid to people taking early retirement, and that has cost \$57 million over budget. Under the old system the pension scheme cost \$37 million over budget. The Government has gone \$94 million over budget on superannuation. There is no explanation as to how costs will be cut later. We knew the new superannuation fund would cost something up front, but we were to get good benefits in the long term.

Surely the Government should have been able to compute the benefits and work out whether there would be increased costs. Those of us who talk to people have found out why there has been an increase in the 1987 lump sum superannuation payments made under the new Act. The payments have increased because thousands of senior public servants are fed up with what they see happening in Government and in Parliament. They want to retire because they

have been affected by the stress and strain of working in an environment in which they do not like what they see. They are very grateful that the new legislation was brought in, enabling them to take a lump sum superannuation payment. In the old days, in the last years of their employment, they could pump up their superannuation contributions to get a larger pension benefit for the rest of their lives, which was usually a reasonable benefit, depending on their salary structures. The new legislation enables them to get their money and go, and they are leaving in droves. An article in the Press only a couple of weeks ago referred to the loss to society and to the country caused by people in both the public and private sectors retiring at earlier ages. Such people have so much to offer, but they find that the stress and strain of work are too much. They prefer to take their money and go. They are able to spend their lump sum and at age 65 can qualify for a Commonwealth pension. They are also taking the money because the Federal Government is contemplating stopping lump sum payments being taken. The Federal Government would prefer people to take pensions. The Government would then have complete control over people's spending habits. It does not want superannuation benefit recipients at age 55 or 60 in five or 10 years blowing the lot on boats, trips and travelling and then falling back on a Government pension for the rest of their lives.

Capital expenditure for 1987-88 on Gold Bank was \$25 million. In November last year the estimate was \$10 million, but with the intervention of the Reserve Bank the amount was pushed up to \$25 million. The Reserve Bank said that Gold Bank was not a bank anyway, and that it should review its operations before the Reserve Bank could decide whether it could be a bank. In addition, three non executive directors were put into Gold Bank to keep it honest. The Reserve Bank said that a bank could not be run only by executive directors because there needed to be somebody looking over the operations of the bank and asking questions.

A further \$35 million worth of capital was paid into the R & I Bank of Western Australia. That was obviously because the total assets of the R & I Bank went up by \$700 million in loans to customers. There is a requirement that the bank have a capital equivalent of five per cent. Five per cent of \$700 million is \$35 million. That amount also came out of the Consolidated Revenue Fund. During debate last June, the Minister could not tell me why the speech produced for the Treasurer and himself said the money would go into an interest bearing deposit and not into fixed capital. Some weeks later the Minister came back and apologised about that very important mistake in the Treasurer's speech. He could not really define if capital in the R & I Bank was going into an interest bearing deposit or into fixed capital.

I pause at that point to talk about the \$1.5 billion that the State Government was going to spend on the State Building Society in New South Wales. I do not know why it would have contemplated that, because there is enough to look after in this State without going over there. There would have been a further capital requirement of \$75 million. That money could have been better used on schools, hospitals, police stations and many other capital works in the State.

Hon Tom Stephens: I would have thought that a man of your background would have a better perception than what you have just demonstrated.

Hon MAX EVANS: I have a perfect perception. An amount of \$75 million would have to have been invested in order to comply with Reserve Bank standards.

Hon Tom Stephens: To try to harness the resources of the Eastern States to use those cash resources in our State. I would have thought that desirable.

Hon MAX EVANS: I could make some comments about the member's observation, but I will not. There is no guarantee that anyone will make a good return on his money by investing in building societies. The R & I Bank, as it did last time with the Armstrong Jones Prime Fund, was going to go out into the market and make around 18 per cent on its money. I guarantee to the member opposite that there is no way he will get a return of 18 per cent on his money by investing in a building society in New South Wales. It would not have been a good investment.

There are other amounts over budget. There is an amount of \$3 million to the Technology and Industry Development Authority. Even the Auditor General cannot tell me where the

accounts are for the technology and industry development fund. Money has gone into it, but we do not know where it has gone. I hope that in the next day or so someone will come up with the figures. An amount of \$3 million has gone in because surplus funds were available.

Hon Phillip Pandal has an interest in expenditure on Aboriginal arts. We just happened to have the money to acquire an Aboriginal art collection for \$2.4 million. Another abnormal item - abnormal because a normal company would add these back as below the line profits - is the new jetty at Busselton. It should be called the Barry House jetty. Half a million dollars was put into that to try to win a seat for the Labor Party. That was one of the abnormal items over budget.

An amount of \$2.5 million went to the State Engineering Works. I appreciate that the Minister for Budget Management has provided details of that amount. In answer to my question, he states -

Proceeds from the sale of assets owned by the State Engineering Works were taken into account in determining the payment of \$2 515 241 in 1987-88 to clear the authority's overdraft account with Treasury.

It appears that the State Engineering Works, after selling up all its plant and paying off its employees, must have been down the drain by \$2.5 million. The Minister does not comment about the cost of demolishing all the buildings. That may or may not be included in that cost, but I would be interested to see where the funds come back to, because the sell off has been orchestrated by the Western Australian Development Corporation. A Bill was brought into the House to allow the property to be transferred from the State Engineering Works to the Government so that the works could be sold and the funds paid to the Government. I am pleased to see that the funds were not transferred to the Western Australian Development Corporation.

Another \$5 million in capital expenditure was given, in my view as a grant, to the Totalisator Agency Board to buy radio station 6PR. An amount of \$2 million was expended on LandCorp. LandCorp had been with WADC for only a few months before putting out its hand for money. We should be grateful if we get a 50 per cent return on the Government's contribution. There is no comment on why that \$2 million payment was made.

Act of grace payments cannot be budgeted for. The expenditure last year on such payments was \$3.2 million. I was a little suspicious of such a rounded amount, but it is to the credit of the Government that it made funds available for such things as cyclone, flood and drought relief. An amount of \$545 000 was spent as a result of Cyclone Connie; \$5 622, Cyclone Hector; and \$118 000, Cyclone Herbie. An expenditure of \$2.1 million was made as a result of the 1987-88 drought: \$1 million was allotted to loans to farmers; \$456 000 to transport subsidies; and \$623 000 to water cartage subsidies. An amount of \$195 000 was spent after the Pilbara floods and \$134 000 after the great southern floods. A contribution of \$50 000 was made to the Lord Mayor's Distress Relief Fund for the south eastern suburbs floods in July 1987. The total is \$3.2 million in one off payments, well above budget.

EventsCorp is another unusual entry involving an allocation by the Government of \$3 million. I have discussed this matter with people in the higher echelons of sport in the State and they have been amazed at this. Members might remember that EventsCorp is the part of the Western Australian Development Corporation which runs international sporting events. When I raised this with senior persons in the industry they were all surprised. They were of the belief that EventsCorp was self funding and that the WADC was self funding, that they had the financial resources to be the guarantor for functions and did not have to have money up front and that if they put it up front they collected it when the function was held some years down the line - it was an investment. Now we find that \$3 million went to EventsCorp. The total budget of the Department of Sport and Recreation was only \$6 million yet here, quietly, slipped through the "Miscellaneous Services" item, was a cheque signed for the Attorney General by his department for \$3 million - like Hon Phil Pandal's artefacts costing \$2.4 million. There was no comment about them. I will wait to see whether the Minister answers a question on that because he got upset last week and his speech became a political one on what my policy might be on EventsCorp when I raised this matter.

The DEPUTY PRESIDENT (Hon P.H. Lockyer): Order! There is far too much audible conversation and it is difficult to hear the member's robust voice.

Hon MAX EVANS: So the WADC got helped in that way. There was a payment of \$6.2 million to Homeswest, why we do not know; natural disasters, \$3.2 million; Swan Building Society, \$12 million; Teachers Credit Society, \$18 million. There have been extras totalling \$215 million. How has the Government got itself into this financial position? I want this put on the record because I commend it on what it did. The public did not commend it. The Government increased the licence fees on cigarettes and tobacco sales, which brought in an average of \$35 million a year for five years, an amount of \$165 million. It introduced a FID tax of five per cent, which is now down to three per cent, which raised \$160 million, or \$325 million extra revenue. We must all remember that that is how this Government has remained a big spending one; it has increased this new line of revenue which had not existed before. We had not had that extra revenue from cigarettes or the financial institutions duty previously. That was all new revenue and the Government built up reserves and kept the interest earned on the short term money market out of the figures. It also had a drop of 10 per cent in the salaries of members and senior public servants, which helped in the first year.

I will now get to the big stuff that Hon Mick Gayfer was asking about. The big figure appears in one little line. Government estimates appear over a number of pages and total \$2.4 billion. Treasury estimates for 1988 were \$196 million. The actual figure received is \$242 million. An amount of \$70 million has come from business undertakings. There is nothing from interest on the short term investments. Recovery of superannuation involved \$37 million; debt charges \$105 million; and others \$28 million. The big figure is for business undertakings, profits and surplus which amounted to \$70 million last year and which is estimated at \$154 million for this year, an increase of \$85 million. Members might ask what is wrong with that. I will explain what is wrong with that. There is a huge increase in that amount. The next line relates to interest on short term investments, \$159 million. There was nothing last year, but \$159 million this year. Remember that we had only \$199 million in reserves - \$159 million plus another nearly \$30 million from the General Loan and Capital Works Fund, so there is \$189 million of our \$199 million reserves which will be expended in one year - reserves built up over five years expended in one year from income from short term investments, plus an extra \$80 million profit on business undertakings - SGIC, etc., which will come in as one offs.

The Government is being very brave if it expects to make those profits in the future. I would like to put this into language that members may understand. It is taking revenue built up over a number of years - a lump sum, abnormal income - and is expending it in one year on operating costs. The equation is roughly \$189 million interest plus \$80 million, a total of \$270 million. Equally, an increase of 20 per cent in taxable revenue in the State is abnormal.

Let us look at ourselves. A metropolitan member with his allowance gets roughly \$60 000. Say he gets 20 per cent extra revenue next year, which is \$12 000, which he uses for school fees, a new car, repairing his house and getting a lot of help around the place. He is increasing his expenditure by 20 per cent from a one off receipt from an aunt or uncle who has died and given him an extra \$12 000, or 20 per cent of his total income. This results in a higher lifestyle for 12 months and in the member spending not \$60 000 but \$72 000. At the end of the year is another aunt or grandfather going to die to give him the same amount? If he does not get a similar amount the next year he will have a sudden cut back in his rate of expenditure; all those nice extra luxuries that he enjoyed while he had that extra revenue will have gone.

The Government has the same problem. All this \$270 million or more, which is a one off from last year, will be expended on ongoing costs such as wages - not even on capital works, but on ongoing costs. Come June 1989, how will the Budget cope? The Government will not have \$199 million of interest from the short term money market accumulated over five years to bring in. Not only will it have lost that, but that money has been accumulating interest on interest over a number of years. When it spends \$190 million the Government loses the interest on that money, so the rate of return each year will be down. It goes on and on. It is coming down. If people live off the money they have invested and start living off their capital that is a double disaster, because their capital goes down, their income goes down and they are soon out of business.

This Government, as has been pointed out in articles in the Press, is on a road to buy votes. If it were really serious and thought that it would be in Government after the next election it

would not have taken this great risk with your money, Mr Deputy President (Hon P.H. Lockyer) and my money. It is taking a great risk spending like that. If it had been responsible and expected to be in Government after the next election it would have wanted money to carry on doing the same things. It has put the whole State at risk in the way it is spending that money. That is wrong, irresponsible and should not be done. In addition, the secret reserves of the Government were built up from the prepaid royalty from Argyle diamonds of \$50 million and the sale of the old Perth Technical College site for \$20 million, which have gone into running costs.

I return to the subject of some of the trust funds. The Government has these nice little nest eggs: CALM, \$4.5 million; Technology and Industry Development Association, \$1 million each year; and The Family Foundation, \$12.5 million. The Government just says, "We will budget \$12.5 million" and it goes into a trust fund. It sounds very nice, but these bodies are not accountable to anybody. Other expenditure by the Government has to appear in the Budget and when it expends money it has to appropriate against a particular line of the Budget. Any other expenditure has to be passed, but these trust funds give the Minister or the departmental head an opportunity to use these funds as and where they want to use them. They could be misused - put in the wrong direction. It was interesting to read in this morning's paper that a judge in New South Wales pointed out that these trust funds were given to a member who started giving out grants two weeks before the election. There will now be a by-election for his old seat because he was buying votes. We hope the Government heeds that; otherwise it might end up trying to do the same thing. If it does, we will take it to task. These trust funds cover up good accounting standards which let us know what is going on. We should know what is going on. There is an employment strategy fund. It has a payment to a contributory trust fund of \$12.3 million; just a lump sum at the end of the year. Is that to pay union organisers, union helpers and so on? We do not know, but we should. I cannot find the accounts of that fund because time has run out on me.

Another part of Government accounting which is not adequate concerns the Office of Government Accommodation, which shows Government rent at \$26.5 million. With proper accounting, it should show how it is paid for each Government department. What are the departments costing? Any rented buildings used by the State Printing Division would be shown there. All the different departments and trading operations - wherever rent is paid for properties - go through the Office of Government Accommodation, which is wrong and inaccurate.

The SGIC is used to making large investments in property and shares. It paid \$500 million up front and sold those properties, one third down, two thirds over a couple of years. The dates were December 1989 and December 1990 for the balance of payments. They would need to make a good profit, but how does one make a profit on those? Because guarantees were given. The SGIC is another fund which the Government has used.

Another fund is the State Superannuation Board and the Superannuation Board Investment Trust. The Superannuation Board Investment Trust is most important. It has trust funds which were set aside in bygone days to assist with the superannuation of public servants. That is not the case now. At the moment the fund is being run down as a result of all these lump sums being paid to Government servants taking early retirement. Instead of the Government picking up that money out of CRF it is coming out of the Superannuation Board's funds, which are being run down. About 12 months ago the sum was \$400 million. We would not know what it is this month - or what it was in June this year. It will be a long time before we do know.

This Superannuation Board fund has been operated by persons of whom we have been highly critical: Len Brush was chairman; Tony Lloyd, who is now with Rothwells Ltd; and Kevin Edwards is still there. We cannot find out what has been happening to taxpayers' funds. People ask, "What does it really matter?" It matters a lot because those funds will be used for paying superannuation benefits. If those funds have been lost, or if they have not generated profits at the proper rate, the benefits will have to be picked up out of CRF. That is not what we were told when the superannuation Bill was introduced in 1987; we were told it would go well.

The Superannuation Board Investment Trust accounts for only a quarter of the assets, perhaps even a third. I can see the same thing happening to the Government employees

superannuation fund as happened last year, when we had to wait until June 1988 for the financial statement of the State Superannuation Board. That was 12 months late. The Government could not tell us what had happened to the funds, and the Parliament should know what is going on. The Auditor General, a highly qualified accountant, did not like the quality of accounting being carried on - and I do not blame him. Questions were asked about what was going on. If we look at the people who were running it we should not be surprised. I can assure members there are far more credible people involved now: Mr Bill Rolston, a former Auditor General, and Mr Marwood Kingsmill, but Mr Kevin Edwards is still there. From my phone calls today I cannot find out when we will see the Superannuation Board accounts for this year. We have not given an extension of time. The audit reports were not signed until 18 May last year, and that is not good enough. The sum of \$400 million of Government funds has not been properly accounted for. We did not worry about this in the past; perhaps the returns were not that marvellous; or it was used for low cost Government housing or put into fixed term investments.

If we look at the accounts of the Superannuation Board we will find a revaluation of all the fixed term investments. Interest would have been 15 or 16 per cent. At present it is 12 per cent; it will be revalued up by 25 per cent because the return is better than average. The SGIC last year found that the loss on share trading was \$14 million, but the revaluation of fixed term investments has gone up by \$28 million. These were the fixed term investments which Mr Laurie Connell and Price Waterhouse said the SGIC and the Superannuation Board had to get out of because they were no good. With high risk companies one can make big profits.

It has not worked out that way for many people, as we read in the paper. For some lucky ones, yes, but generally no. These people have been playing the market. At one stage the Superannuation Board Investment Trust put \$54 million - that is roughly 20 per cent of the total funds of the Superannuation Board - in high risk equity companies. Last year they were valued down and \$23 million was lost on unrealised share values. Some shares were sold last year; I am surprised not more were sold. One concerned an international fisheries company, Chunagon. That cost \$2 million. It was a devious operation of the Superannuation Board Investment Trust. It was sold to the Japanese for \$580 million and got most of the crayfish industry offside.

Hon G.E. Masters: They sold it for half a million?

Hon MAX EVANS: Yes, half a million. It might have made the crayfish industry unhappy; it makes me even more unhappy. We lost \$1.4 million on that deal. We do not know why the board got into it in the first place.

Hon G.E. Masters: Perhaps someone knew someone else.

Hon MAX EVANS: That might be so. I think the board was glad to get rid of it. It is not in the business of running businesses; it does not have the backup, the facilities and the know how.

We have Ariadne shares which cost \$592 000 but are now valued at \$48 000. With Intellect Electronics - Laurie Connell - \$5 million shares were bought at \$1 each. They are now worth only \$350 000 all up. A lot of these companies are new companies with short track records. It would be hard to put any number of these shares on the market. In the case of Austec International, which has appeared in the paper recently, 14 000 shares were sold last Friday for 12c. Comments in the paper indicate they were worth 20c a few weeks ago. I would not think there would be a big market for those. Some of the other shares were: 5.5 million for Apex Pacific, which was Oceanic Equity; Apex Securities, 600 000; Ariadne, 200 000 shares; Austpharm, 600 000; Austec International Ltd, 3 000 000, but going down fast; Barrack Technology 250 000; Bell Group, 421 000; Bond Corporation, 600 000; and Bond Media, 787 000. The Superannuation Board must have had a huge impact on the small share market in Western Australia when it bought this magnitude of shares. The impact the SSB had on the share market must have influenced other people to get into it. The list continues: Energy Research Group, 375 000; European Corporation, 3.3 million - we cannot even find that one; no doubt it is worth about \$800 000; and so it goes on, with a long list of shares now worth \$15 million. Brockley Investments was a \$4 million cash deal in a joint venture with the Teachers Credit Society; last year it was shown at \$4 million. I do not know how it is losing money on that, but a further \$330 000 has been lost on Brockley Investments. I would have thought the sooner that was one was wrapped up, the better.

The Treasurer told us that the good news in respect of the Superannuation Board Investment Trust - or perhaps in respect of the entire superannuation scheme; nobody knows - is that there has been a \$24 million profit on a capital of \$98 million. That is, there has been a 24 per cent return on the money, which looks terrific. Mr President, one would say, "What a track record they have - they made \$24 million on an opening capital of \$98 million!" However, when one goes to the accounts, one finds a \$30 million, one off profit on the sale of the old Perth Technical College site. That profit could have gone entirely to the Government, if it had not been spent on playing musical chairs, or what they call down on the Terrace "pass the parcel". Next we come across a term which I think should be in all accounting textbooks, "debt forgiveness", which comes to \$8.1 million. That is, income above the line is "debt forgiveness". When one reads the notes, one finds that the Superannuation Board has been charging interest to the investment trust for the last four years for the loan for the old Perth Technical College site, and it has been brought in as an expense, as an accrual owing to the board. The board said, "Look, we don't want you to have that debt; we will reverse the amount and forgive the debt." Expense for past years is just brought in as income above the line; it could be extraordinary, but it is just called "forgiveness of debt". Under expenses, one then finds as a credit figure - which is the same as income - an item called joint venture settlement, which came to \$12.6 million. Last year the Superannuation Board brought in an amount of \$12.8 million in respect of the loss of the Halls Head deal. It was brought in last year, in the June accounts, and the Auditor General said there was no way this deal could be made retrospective, because it was not even being talked of in June. How could it have been made retrospective? The private auditors agreed to it; the staff agreed to it, but the Auditor General quite rightly said, "That is not on." Anyway, the Superannuation Board had to live with that; it put it in as a loss for last year. This year the board said, "We don't really want you to take that loss; we told you to get out of that deal, we will reverse it." So that \$12.6 million, which was an abnormal loss for last year, seems to have become a normal profit this year above the line. I believe it should be below the line as extraordinary. Therefore, \$20 million of the \$24 million is covered by two journal entries. Of the \$8.1 million debt forgiveness, there is \$2.8 million interest this year; the net debt forgiveness is \$5.3 million. Of the \$24 million, about \$18 million is extraordinary and should not be brought in as current profit. There is nothing new in that - the same thing happened with Exim Corporation a year or so ago. Exim showed a profit of \$250 000. I proved that the corporation had pumped up the figures by \$4.25 million that year. Action has since been taken on that, and reported on by the Auditor General.

Hon Neil Oliver: It actually had a loss?

Hon MAX EVANS: It actually had a \$4 million loss; it could not afford to have a loss because it would have to come to Parliament for another \$7 million capital. In these accounts of the SBIT there is an unrealised loss of devaluation shares and debentures of \$23 million. The \$24 million comes in after that \$23 million. Another interesting item, which has created a lot of interest in the Press, is a post balance date event. The Superannuation Board went into a put option deal with the Commonwealth Bank, with a guarantee in respect of a deal between companies called Danbury and Austec International Ltd. That deal was initiated in February 1987 when Len Brush was still head of the Superannuation Board. I understand it was finalised in June 1987 and on 30 June 1987 the auditor's report says that Austec International Ltd was absolutely insolvent. After Mr Brush left in March, I believe the board tried to get out of this deal and could not do so. However, I give it credit for trying to do that. That event cost the Superannuation Board a further \$8 million, for 4 million shares at \$2 each, with a loss of \$7.2 million, which is now a \$7.6 million loss. It is an unrealised loss, but if the balance sheet from last year continues along the same way, those shares will not be worth anything.

This is the sort of accounting we have come to expect from this Government. One cannot get the facts on how the Government is handing out funds. How can we trust the Government? What is the Government's accountability when we cannot get the facts? What is going on in Government accounting? The Minister for Budget Management is not here at the moment, which is a pity because I would have liked to raise with him the issue of what I believe the Government has to move towards. The Government should follow what was done in South Australia, where there has been an enhancement of the Government's accounting system. Every Government department and statutory authority is not bound to cash receipts and

payment using GAS - the Government accounting system. They take the figures from the Government accounting system using a special program, and run an accrual accounting system to know how they are trading. This has been done by a number of Government departments in Western Australia. I understand that the Treasury is trying to stop it; it wants to control what is happening. I believe that is wrong because Treasury should encourage every Government department to use a proper accrual accounting system, and not a cash basis system which allows all these funny deals to go on. We had this problem a few years ago with the Perth Theatre Trust - I was doing a professional job - because it had its accounts transferred from the Perth City Council computer, from an accrual accounting basis onto GAS. The Perth Theatre Trust could not produce proper accounts; there was no way it could assess whether it was making a profit or a loss. All it had were receipts. The trust might get \$1 million in ticket sales one month for a show to be held the following month - income is income for this month; all the expenses are for next month. There is no way that could properly be equated without hand written records. This applies to many other Government departments, which have not been able to do that. The Department of Marine and Harbours, for example, is using accrual accounting because the department's director is a Western Australian who worked in South Australia and who knows the benefits he had from the proper accrual accounting system used in South Australia. He wanted to run his department properly, knowing the true running costs for every month and the income coming in, even though it was only governmental income. He knew he had true control of the costs, not just on a cash payments basis. The Government must seriously look at the South Australian system, which would give every Government department and statutory authority the opportunity to run proper accrual accounting. At the moment they are locked into the Government accounting system, but accrual accounting would make them more accountable for what they are doing and the heads of departments would be better informed.

The Auditor General's second report contained the audited accounts of and comments on all statutory authorities. That information is no longer available to members. Each statutory authority produces its own accounts under the provisions of the Financial Administration and Audit Act which I believe is a far better idea. The Public Accounts and Expenditure Review Committee does not seem to analyse the figures contained in the Auditor General's report. The new style second report of the Auditor General states -

HEALTH DEPARTMENT OF WESTERN AUSTRALIA

The Health and Medical Cash Order Suspense Account... had a credit balance of \$501 754 at June 30, 1987. The Treasurer's Advance Authorization Act 1986 provides only for the withdrawing of moneys from the Public Bank Account for the purpose of making specified advances... and does not authorise credit balances within the Treasurer's Advance Account.

In relation to the Metropolitan (Perth) Passenger Transport Trust, the Auditor General said -

The social welfare component of the Trust's activities is recognised through the separate Social Benefit Subsidy paid to the Metropolitan (Perth) Passenger Transport Trust from the Consolidated Revenue Fund. This payment which was first introduced in 1982-83 and since that time has been 25 percent of bus operating costs and 40 percent of suburban passenger rail operating costs.

That means that the real losses to taxpayers are far greater than have been shown because of the cross subsidisation about which we need to know more.

In relation to the State Energy Commission of Western Australia, the Auditor General said -

The foreign exchange losses deferred at June 30, 1987 totalled \$443.7 million, a \$13.5 million decrease on the position at June 30, 1986 due principally to the movement in exchange rates during 1986-87. A total of \$4.7 million in foreign exchange losses was amortised against the Profit and Loss Account during the year.

The real loss has been made, deferred and capitalised through using improper accounting standards. The Auditor General continued -

Net Deferred Expenses totalled \$844.0 million at June 30, 1987.

That is expenditure of the State Energy Commission that has not been brought to account. Apparently, it will be brought to account in future. The Auditor General continued -

Under an agreement with Western Collieries the State Energy Commission has made payment to the company for overburden removal thus exposing the coal reserves to permit future mining.

The Auditor General also referred to the subsidy of \$55.1 million deferred price differential on Pilbara gas which is used in south west markets, other deferred expenses of \$14.1 million, and to \$13.9 million receipt from Alcoa reported as deferred income.

I worry more and more about the lack of accountability in respect of Government revenue and expenditure. We are dealing with big figures. The Government has shown an accumulated surplus of \$12 million for the last five years and I have just given examples of irregularities totalling hundreds of millions of dollars which have not been properly accounted for. We must move towards better accounting systems to find out our true position. If businesses do not know the true position of their stock and credit, they never know whether they have made a profit or loss. I expected a lot more of the Government in the Budget. Last year, I showed the Minister for Budget Management the figures I brought back from the United Kingdom which indicated the revenue and expenditure for every department for the last five years and projections for the next four years, with those figures converted to real money values. If we adopted that system we would be able to assess the Government's true position; at present, we cannot.

Debate adjourned, on motion by Hon S.M. Piantadosi.

House adjourned at 5.55 pm

QUESTIONS ON NOTICE

THIRD PARTY INSURANCE - MOTOR VEHICLES

Road Accidents

336. Hon P.G. PENDAL to the Leader of the House representing the Treasurer:

I refer to my question 211 of 1988 and ask: What was the outcome of the consideration referred to, regarding extending current third party insurance cover to the damage to vehicles involved in traffic accidents?

Hon J.M. BERINSON replied:

Third party property damages to vehicles involved in traffic accidents is covered by private sector insurers on a voluntary basis. To improve insurance of this type will significantly increase compulsory third party insurance premiums.

Refer also to Legislative Assembly question 16 of 1988.

CONSERVATION AND LAND MANAGEMENT, DEPARTMENT OF - RESERVES

Road and Stream Reserves - Trial Cuts

339. Hon A.A. LEWIS to the Minister for Community Services representing the Minister for Conservation and Land Management:

(1) What areas of road and stream reserves have been cut, in the trial, to see if there was any effect on salinity, landscape, etc?

(2) Where were they situated?

Hon KAY HALLAHAN replied:

(1)-(2)

See my answer to section (2)(b) of question 81.

CONSERVATION AND LAND MANAGEMENT, DEPARTMENT OF - RESERVES

Road Reserves - Width Proposal

340. Hon A.A. LEWIS to the Minister for Community Services representing the Minister for Conservation and Land Management:

Further to my question 261 of 1988 with regard to the width of road reserves, when will the proposal be formulated and will it be made public?

Hon KAY HALLAHAN replied:

Formulation of the proposal has commenced and it will be completed within 12 months. The proposal will be made available for public comment.

CONSERVATION AND LAND MANAGEMENT, DEPARTMENT OF - RESERVES

Fire Buffers - Cutting Records

341. Hon A.A. LEWIS to the Minister for Community Services representing the Minister for Conservation and Land Management:

Further to my question 259 of 1988, am I to understand that no records of fire buffers have been kept?

Hon KAY HALLAHAN replied:

A record of the existing fire buffer system is held. No cutting occurs in this system. The buffer system is reviewed annually and minor adjustments are made to enhance fire protection or facilitate better forest management; for example, dieback hygiene. Areas that are dropped off are available for logging but no record is maintained of these previous fire buffer areas.

CONSERVATION AND LAND MANAGEMENT,
DEPARTMENT OF - MANJIMUP SHIRE COUNCIL
National Park Land Request - Public Consultation

343. Hon A.A. LEWIS to the Minister for Community Services representing the Minister for Conservation and Land Management:

(1) Has an approach been made to the Minister by the Manjimup Shire Council with regard to land abutting the Pemberton townsite not being dedicated as a national park until the shire completes its public consultation?

(2) If so, is the request going to be agreed to?

Hon KAY HALLAHAN replied:

(1)-(2)

Yes.

DORENDORF, MS LINDA - CAR HIRE
Water Authority of Western Australia

354. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Water Resources:

(1) Is it correct that Ms Linda Dorendorf has access to hire cars paid for by the Water Authority of Western Australia?

(2) If so, why?

Hon KAY HALLAHAN replied:

(1) No.

(2) Not applicable.

STATE GOVERNMENT BUDGETS - MISCELLANEOUS SERVICES
Natural Disaster Payments and Other Relief Measures - 1987-88

358. Hon MAX EVANS to the Minister for Budget Management:

With regard to the Miscellaneous Services payment in 1987-88 of \$3.2 million of "Natural Disaster Payments and Other Relief Measures", to whom were payments made and why?

Hon J.M. BERINSON replied:

This item reflects expenditure by the State under the Commonwealth-State natural disaster relief arrangements (NDRA) and a contribution to the Lord Mayor's Distress Relief Fund, detailed -

| <u>NRDA</u> | \$ | \$ |
|---------------------------------------|----------------|-----------|
| Cyclone Connie - January 1987: | | |
| Restoration of State assets | 283 171 | |
| Restoration of local authority assets | 184 276 | |
| Loans to pastoralists | 70 000 | |
| Transport subsidies | <u>7 680</u> | 545 127 |
| Cyclone Hector - January 1986: | | |
| Restoration of State assets | | 5 622 |
| Cyclone Herbie - May 1988: | | |
| Personal hardship | 94 000 | |
| Restoration of State assets | <u>23 814</u> | 117 814 |
| 1987-88 drought: | | |
| Loans to farmers | 1 072 000 | |
| Transport subsidies | 456 542 | |
| Water cartage subsidies | <u>623 746</u> | 2 152 288 |
| Pilbara floods - April 1988: | | |
| Personal hardship | 543 | |
| Restoration of State assets | <u>194 663</u> | 195 206 |

Great southern floods - May 1988:

Restoration of State assets

133 943

Contribution to Lord Mayor's

Distress Relief Fund:

South eastern suburbs floods -

July 1987

50 000

\$3 200 000

STATE GOVERNMENT BUDGETS - MISCELLANEOUS SERVICES

Act of Grace Payments - 1987-88

362. Hon MAX EVANS to the Minister for Budget Management:

What are the full details and the reason/s for the Miscellaneous Services payment of \$2 972 826 as "Act of Grace" payments in 1987-88?

Hon J.M. BERINSON replied:

As the requested details will take time to collate I will provide the information in writing as soon as possible.

STATE GOVERNMENT BUDGETS - STATE ENGINEERING WORKS

Miscellaneous Services Payment - 1987-88

365. Hon MAX EVANS to the Minister for Budget Management:

(1) What are the details of the Miscellaneous Services payment of \$2 515 241 in 1987-88 to the State Engineering Works?

(2) Was this amount paid to the WADC?

(3) Will the payment be taken into consideration and reimbursed from the sale of the works?

Hon J.M. BERINSON replied:

(1),(3)

Proceeds from the sale of assets owned by the State Engineering Works were taken into account in determining the payment of \$2 515 241 in 1987-88 to clear the authority's overdraft account with Treasury.

(2) No.

STATE GOVERNMENT BUDGETS - SALVATION ARMY

Nightline Appeal, Red Shield Appeal - 1987-88 Allocations

367. Hon MAX EVANS to the Minister for Budget Management:

Why were the 1987-88 Budget allocations of \$500 and \$13 500 to the Salvation Army - Nightline Appeal and the Salvation Army - Red Shield Appeal respectively, not paid?

Hon J.M. BERINSON replied:

No appeals by these organisations were launched in the 1987-88 financial year. Donations in 1988 will accordingly be made out of 1988-89 allocations.

STATE GOVERNMENT BUDGETS - SPINA BIFIDA ASSOCIATION OF WESTERN AUSTRALIA (INC)

1987-88 Allocation

368. Hon MAX EVANS to the Minister for Budget Management:

Why was the amount of \$5 000 allocated to the Spina Bifida Association of WA in the 1987-88 Budget not paid?

Hon J.M. BERINSON replied:

As the association now qualifies for Commonwealth assistance, it has advised that the State grant is no longer required.

MINERAL SANDS PROJECT - MUCHEA

369. Hon NEIL OLIVER to the Leader of the House representing the Minister for Economic Development and Trade:

I refer to the development of the mineral sands project at Muchea with the joint venture project between TIO2 and Kerr Magee.

- (1) Has zoning approval been finalised?
- (2) What conditions have been applied to the zoning approvals?
- (3) Has the Environmental Protection Authority granted final approval?
- (4) If (3) is no, when is approval anticipated?

Hon J.M. BERINSON replied:

- (1) No.
- (2) Shire of Chittering approval is conditional on the approval of the Minister for Environment, following consideration by him of the report and recommendations of the Environmental Protection Authority.
- (3) No.
- (4) The closing date for appeals against the Environmental Protection Authority's report and recommendations on the dry process plant at Muchea is 16 September 1988. The Minister for Environment will determine appeals, if any, before consulting decision making authorities prior to issuing his decision.

ENVIRONMENTAL PROTECTION AUTHORITY - CSIRO

Sewerage Requirements, Helena Valley - Discussions

381. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Environment:

- (1) Has the Environmental Protection Authority held discussion with the Commonwealth Scientific Industrial Research Organisation (CSIRO) in relation to an amended plan of submission for sewerage requirements in the Helena Valley?
- (2) If yes, what has been the result of those discussions?

Hon KAY HALLAHAN replied:

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

SPECIAL SCHOOLS - CARSON STREET SPECIAL SCHOOL

382. Hon P.G. PENDAL to the Minister for Community Services representing the Minister for Education:

I refer to a recent deputation from parents of children at the Carson Street Special School in East Victoria Park and ask -

- (1) Has an assurance been given that the school will not close this year?
- (2) Will she give parents an assurance that staff levels and other resources will not be reduced?

Hon KAY HALLAHAN replied:

- (1) Yes.
- (2) Staff levels and resources will correspond with student enrolment figures.

HISTORIC DOCUMENTS

Missing Maps/Plans

383. Hon P.G. PENDAL to the Minister for Community Services representing the Minister for Lands:

I refer the Minister to her answer to question 331 of 1988 and ask -

- (1) Will she table the list of maps/plans which can not be located?
- (2) Will she give a categoric assurance that the missing plans have not been stolen and sold?

Hon KAY HALLAHAN replied:

- (1) No. The police have been requested to investigate this matter. They have advised that their investigations would be hampered if a list of plans were to be released.
- (2) It would be inappropriate to make any comment on this while police investigations are in progress.

EDUCATION - TELEVISION ADVERTISING

Dowding, Hon Peter - Costs

385. Hon N.F. MOORE to the Minister for Community Services representing the Minister for Education:

I draw the Minister's attention to television advertisements relating to education and involving the Premier, and ask -

- (1) Is the Government or the ALP paying for the advertisements?
- (2) If the Government is paying, what is the cost of the advertisements?

Hon KAY HALLAHAN replied:

(1)-(2)

As stated at the end of the advertisements - authorised by Stephen Smith and paid for by the Australian Labor Party, Perth.

BRIDGES - BUSSELL HIGHWAY BRIDGE

Building and Construction

387. Hon BARRY HOUSE to the Minister for Consumer Affairs representing the Minister for Transport:

- (1) When will the Bussell Highway bridge crossing the Vasse diversion drain be widened?
- (2) When this work is done will the present bridge be replaced?
- (3) Has the potential obstruction to flood waters been considered in the new construction?
- (4) Has consideration been given to a higher level, single-span concrete structure?

Hon GRAHAM EDWARDS replied:

- (1) Work has commenced.
- (2) No.
- (3) Capacity was reviewed in 1967 when the bridge was lengthened. The widening does not diminish the capacity of the bridge to pass flood waters.
- (4) No.

PULP MILLS - SOUTH WEST

Community Concern - Feasibility Report

388. Hon BARRY HOUSE to the Leader of the House representing the Minister for Economic Development and Trade:

- (1) Is the Minister aware of increasing community concern in the south west over the delay in publication of the feasibility report into possible sites for a \$750 million pulp mill?
- (2) Why has the Government in this feasibility report identified Boyanup as a possible site for this pulp mill, when a previous study carried out three years ago clearly stated that the site was not suitable for such a plant?

- (3) What is the reason for the delay in publication of this report?
- (4) When will the report be released to the public?

Hon J.M. BERINSON replied:

- (1) No.
- (2) The feasibility report has not been completed or published. As stated previously, I am not prepared to speculate on the probable location of the proposed pulp mill.
- (3) There has been no undue delay. The study is proceeding as quickly as can be expected.
- (4) I do not believe the proponent's feasibility study will be released to the public. However, an ERMP will be produced if the proponents decide to proceed and this will be a public document.

STATE GOVERNMENT BUDGETS - BUSSELTON SENIOR HIGH SCHOOL
Extensions - 1988-89

389. Hon BARRY HOUSE to the Minister for Community Services representing the Minister for Education:

Why was not the second stage of the extensions to Busselton Senior High School funded in the 1988-89 Budget after the Minister had given a clear undertaking during a visit to the school that the extensions would be completed without a budgetary interruption?

Hon KAY HALLAHAN replied:

Insufficient funds were available to enable any improvement work to be undertaken at Busselton Senior High School during the current financial year.

PRIMARY EDUCATION - EDUCATIONAL ADMISSION

398. Hon NEIL OLIVER to the Minister for Community Services representing the Minister for Education:

- (1) What are the present enrolments at the following schools -

- (a) Wooroloo Primary School;
- (b) Chidlow Primary School;
- (c) Sawyers Valley Primary School;
- (d) Mt Helena Primary School;
- (e) Mundaring Primary School;
- (f) Parkerville Primary School;
- (g) Glen Forrest Primary School;
- (h) Swan View Primary School;
- (i) Midvale Primary School;
- (j) Middle Swan Primary School;
- (k) Heme Hill Primary School;
- (l) Upper Swan Primary School;
- (m) East Bullsbrook Primary School;
- (n) Caversham Primary School;
- (o) Eastern Hills Senior High School;
- (p) Swan View Senior High School;
- (q) Governor Stirling Senior High School; and
- (r) Bullsbrook District High School.

- (2) What are the projected new enrolments for these schools - other than Mundaring Primary School?

- (3) How many demountables are located at these schools?
- (4) How many additional demountables, if any, will be required at each school in the 1989 school year?

Hon KAY HALLAHAN replied:

| | (1) | (2) | (3) | (4) |
|---|-------|-------|-----|-----|
| (a) Wooroloo Primary School | 78 | 79 | - | - |
| (b) Chidlow Primary School | 210 | 231 | 1 | 1 |
| (c) Sawyers Valley Primary School | 119 | 144 | 1 | - |
| (d) Mount Helena Primary School | 460 | 497 | 3 | - |
| (e) Mundaring Primary School | 327 | n/a | 3 | - |
| (f) Parkerville Primary School | 111 | 125 | 1* | - |
| (g) Glen Forrest Primary School | 329 | 333 | - | - |
| (h) Swan View Primary School | 661 | 644 | 4* | - |
| (i) Midvale Primary School | 332 | 357 | - | - |
| (j) Middle Swan Primary School | 267 | 238 | - | - |
| (k) Herne Hill Primary School | 176 | 187 | 4** | - |
| (l) Upper Swan Primary School | 192 | 200 | 2* | - |
| (m) East Bullsbrook Primary School | - | - | - | - |
| (n) Caversham Primary School | 97 | 97 | 1* | - |
| (o) Eastern Hills Senior High School | 883 | 886 | 11 | - |
| (p) Swan View Senior High School | 1 041 | 1 125 | 5 | 1 |
| (q) Governor Stirling Senior High School; and | 1 043 | 1 066 | - | - |
| (r) Bullsbrook District High School | 412 | 446 | 1 | - |

* includes a transportable preprimary unit.

** includes a temporary room for art and for library.

LAND RESUMPTION - MAIN ROADS DEPARTMENT

Lot 9 Great Northern Highway - Midland

399. Hon NEIL OLIVER to the Minister for Consumer Affairs representing the Minister for Transport:

I refer to the proposal to resume land from the owners of Lot 9 Great Northern Highway, Midland.

- (1) Why is the Main Roads Department not utilising the existing drain and the road reserve of Margaret Street?
- (2) Is it normal procedure to inconvenience owners of existing properties when alternative outlets exist?

Hon GRAHAM EDWARDS replied:

(1)-(2)

I understand there has been for many years an existing pipe drain down the side of Lot 9 which drains the highway from an adjacent low point. The cost of draining the highway from Margaret Street, which is at a higher level, would not be the most practical or cost effective solution. The Main Roads Department's intention is to secure an easement over the drain and thus formalise an existing situation. This would not affect the existing use of the land except to the extent of erection of permanent buildings on the easement. The easement also allows the department to effect maintenance works. These would, of course, be at no cost to the owner. Compensation in accordance with the provisions of the Public Works Act for the easement right will be paid to the owner.

SUPERMARKETS
Scanners - Price Tags

401. Hon G.E. MASTERS to the Minister for Consumer Affairs:

With reference to an article in *The Australian* headed "Grocery Price Tags Reintroduction By the Government", and noting that this is the subject of a discussion between the various State Consumer Affairs Ministers, would the Minister give an indication of what the Government's views are on the use of scanners and whether he would support the reintroduction of price tags?

Hon GRAHAM EDWARDS replied:

Supermarkets using electronic scanners operate under a voluntary code of practice which was developed by the Australian Retailers Association in consultation with Governments, the Australian Product Numbering Association and the Australian Federation of Consumer Organisations. Under that code any overcharges will be rectified by the store. The Ministry of Consumer Affairs maintains regular surveillance of electronic scanners and substantial legal sanctions can apply to stores which overcharge. In Western Australia survey results indicate that stores using scanners have a high degree of accuracy, but the Government will continue to monitor the situation.

MAPS - ROE, JOHN SEPTIMUS
1830s - Ownership

402. Hon P.G. PENDAL to the Minister for Community Services representing the Minister for Lands:

- (1) Is the Minister aware that in 1968 an 1830s map, by John Septimus Roe, depicting all buildings established between Perth and Fremantle at that time, and containing a reference to "H.M. Beagle", was found in the old Treasury building?
- (2) Is this map still retained and owned by the Government?
- (3) If not, can she indicate where this map may be at present?

Hon KAY HALLAHAN replied:

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