

Legislative Assembly

Wednesday, 2 December 1987

THE SPEAKER (Mr Barnett) took the Chair at 2.15 pm, and read prayers.

SEX SHOPS

Control: Petitions

DR GALLOP (Victoria Park) [2.18 pm]: My petition is addressed to the Honourable Speaker and members of the Legislative Assembly in Parliament assembled, and reads as follows --

We, the undersigned petitioners are concerned about the recent proliferation of sex shops and adult/video bookshops operating within shopping centres throughout Western Australia. The ready availability of extremely offensive and degrading, violent and sexually explicit videos and publications in our community is a matter of grave concern to all responsible citizens, particularly the parents of young children and teenagers, and those who rightly deplore the exploitation of men, women and children.

Extensive research highlights the destructive and desensitising role of such materials in undermining moral values and encouraging deviant and violent tendencies in our society. Indeed, such materials are a major factor in fuelling the increased incidence of crimes of physical violence and sexual abuse in our community. Further, the distribution of explicit materials which depict and condone various degrading homosexual and heterosexual activities can only assist the spread of the deadly AIDS virus, Hepatitis B and other sexually transmitted diseases.

The petition bears 92 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

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

(See petition No 94.)

Similar petitions were presented by Mr Grayden (383 persons), Mrs Henderson (121 persons), and Mr Court (18 persons).

(See petitions Nos 96, 97, and 98.)

HOSPITAL: "C"-CLASS

Rossmoyne: Petition

MR WILLIAMS (Clontarf) [2.20 pm]: I have a petition addressed to the Honourable Speaker and members of the Legislative Assembly of Parliament assembled. It states --

We, the undersigned, petition the Minister for Health to grant permission for a "C"-class hospital to be built on the Thomas Perrott Village site in Rossmoyne.

The petition bears 88 signatures and I certify that it conforms to the Standing Orders of the Legislative Assembly.

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

(See petition No 95.)

BILLS (7): ASSENT

Messages from the Governor received and read notifying assent to the following Bills --

1. Acts Amendment and Repeal (Gaming) Bill.
2. Acts Amendment (Arts Representation) Bill.
3. Electoral Distribution (Rottnest Island) Amendment Bill.
4. Acts Amendment (Financial provisions of regulatory bodies) Bill.

5. Betting Control Amendment Bill (No 2).
6. Factories and Shops Amendment Bill.
7. Health Amendment Bill.

ACTS AMENDMENT (PARLIAMENTARY SUPERANNUATION) BILL

Introduction and First Reading

Bill introduced, on motion by Mr Brian Burke (Premier), and read a first time.

EDUCATION POLICIES

Condemnation: Matter of Public Importance

THE SPEAKER: I have to advise that today I received a letter from the member for Karrinyup giving notice of his intention to move that the House debate as a matter of public interest the education policies of the Government.

Do members wish debate on the matter to proceed?

[Eight members rose in their places.]

The SPEAKER: As sufficient members have risen I will allow the motion to proceed under the normal guidelines, with half an hour allocated to members on my right-hand side and half an hour to members on my left-hand side.

MR CLARKO (Karrinyup) [2.25 pm]: I move --

That this House condemns the Government for its inept policies and maladministration in education and calls on the Government, as a matter of urgency, to immediately review its actions in educational matters.

Education in Western Australia is in a state of crisis, chaos, and confusion, and has an unknown measure of cronyism. Today I was told by a high school teacher that his school has not yet received course materials it needs for the start of next year. Everybody knows that our schools close in the middle of next week and at present they are largely non-teaching and concerned with administration. Yet that school and probably scores of others have not received the required material from this new, revamped, marvellous head office.

There is a state of total bewilderment among teachers, and the union is bewildered and in turmoil in an unprecedented way in regard to its dealings with the Minister. I doubt whether a Minister of Education has ever before in the history of this State had to take legal action against the union. Parents are confused and ignorant of what is going on in our schools, and the pupils are kept in the dark.

As a result of the inept policies of this Government we are going through a rapid state of change in educational matters, as regards both policy and administration. No-one really knows what is going on, including the so-called chiefs. If that is not bad enough, in the next few days something of the order of 30 or 40 of the most senior educators in this State -- the actual figure is unknown -- will pack their bags and pull out, or be forced out. Some of them are getting a very handsome handshake. I am told a senior educator and former superintendent, now called a consultant, has been offered three years' salary at a five per cent tax rate. In my opinion that person is an outstanding member of the Education Department and should not be put on the educational scrap heap. The tall poppies in the department have been cut down. I do not know whether that is because of the very late arrival of the Minister who was a former union leader and hid Vietnam dissenters under his desk and has finally reached the stage where he can do something about getting rid of the upper classes -- those people who were his superiors -- and take them out of the system.

In yesterday's *The West Australian* there was an article headed "Irate teachers attack appointments" which stated --

The credibility of WA's education system will remain low because of new appointments to senior positions in the Ministry of Education, according to the teachers' union.

The president of the WA State School Teachers' Union, Mr Jeff Bateman, said teachers would view the appointments with "cynicism, disquiet and anger".

And he said many teachers would perceive the new appointments as a downgrading of co-operation between the classroom and the head office.

Five school years have passed under the present Minister and we have had all these dramatic changes and new schemes which I do not think can be called a new system but rather a new structure. Has it produced a better education system? There is absolutely no evidence of this. Has the new system in five years produced a system where the students are better prepared academically; better prepared for further studies; better prepared for jobs, for careers, or -- the fashionable, trendy thing -- for life? As if in the old days we did not get prepared for life when we sat down and did purely academic studies.

I do not intend to attack those people appointed --

Mr Pearce: I should hope not.

Mr CLARKO: I could if I wished to; but I do not intend to.

Mr Pearce: Do you wish to attack the people who appointed them?

Mr CLARKO: I have no special reason to do so. One of the persons appointed, as director of operations, is Mr Frank Usher, a man who has been both colourful and controversial, and a trendy modern educator. He introduced into schools a place for students to smoke. What absolute nonsense! This was before the Quit campaign. Mr Usher made the following comment about the new system, before his appointment --

... current educational reforms are destroying morale and causing a deterioration of educational standards.

Mr Usher had an unusual career as principal; he was very innovative. Many people called him a socialist, but I do not know whether he was. He also said --

Many of the proposals in the Better Schools Report involve extra work and worry but no corresponding improvement in educational outcomes.

He continued --

We object to the brutal method used by the Government to restructure its departments (and especially ours) because of the disastrous effect it has had on morale.

This is presently all too obvious in schools.

The widespread change which is in train calls for careful planning involving time, consultation, sensitivity and a feeling of mutual trust.

We do not perceive these ingredients. Instead we are being asked to make a Herculean leap with no run-up and in most cases, with no training.

That man has just been appointed the director of operations; he is a very longstanding member of the Education Department, with experience very few could match.

As I have mentioned, the Minister for Education has a writ out against the President of the WA State School Teachers Union, Mr Jeff Bateman. I do not have the details, but earlier this year the Minister for Education chose to say --

The leadership of the Teachers Union had been reduced to incompetence and dishonesty by internal divisions.

That is, of course, typical of the style of the Minister. He attacks personalities on an hour-by-hour basis. He has personally abused the heads of every tertiary institution in this State. If a person has not come under his criticism, that person is probably a nonentity in education.

I refer now to an article in the *Sunday Times* of 26 April under the headline "Pearce to sue teachers over row", followed by "Uproar over education changes". And that is what I am talking about -- education changes.

Dr Lawrence interjected.

Mr CLARKO: If the member for Subiaco does not believe that the union should be involved in education changes, let her say so.

Mr Read interjected.

Mr CLARKO: The member for Mandurah should not start. He was involved in education in a lovely holiday village. At 3.30 pm he could be in his boat and outside the mouth of the river getting a few fish. But the State School Teachers' Union of WA -- of which I take it the member was a dedicated member in his time -- wrote to me on 22 April this year as follows --

The union wishes to express to all members of Parliament its serious concerns about its present state of public education in Western Australia.

In particular the union regards the manner in which drastic change has been imposed on schools and their communities, to be both educationally damaging and industrially provocative.

Public education has been subjected to unprecedented change characterized by minimal consultation with those groups that are the major stakeholders in the public system -- teachers, parents, students.

Mr Bateman then goes on to make further comments about the Better Schools policy, which he says was conceived amidst secrecy, and says that on completion the report of the Functional Review Committee was withheld from public scrutiny.

Earlier this year, after receiving that letter, on 15 May I asked a question of the Minister --

Why has he refused to publish the Functional Review Committee's report which is central to the creation of the "Better Schools" policy?

The Minister answered --

The report is the property of the Functional Review Committee.

What a lot of nonsense. The Minister did, however, provide the names of the members of the committee. Looking quickly at that list, I cannot find one person who is involved in education.

Education is in a complete state of turmoil, with fights between the Minister and the union, and with morale among ordinary teachers at the lowest ebb in the 30 years during which I have had an interest and involvement with education. I invite members opposite to pick any other time, including 1982 -- and that period was not comparable with this state of disillusionment. At that time Sir Charles Court -- I think, in 1981 -- spoke about education cuts, and in the end gave a 12 per cent increase to education. Teachers then were very united in their stance; morale was not low, it was high, as they fought to retain finance for education. At that time, I was fighting on the Government's side of the House for the same end, as were many of my colleagues. Today, when parents talk to teachers they are told that the teachers do not know what the next step will be. That is a fundamental problem.

Mr Cash: They have even referred to the Minister's hit list.

Mr CLARKO: Yes. Dr Max Angus, number two in the department, spoke to staff at head office earlier this year, telling them that they should show corporate loyalty. That sounds like a Madison Avenue corporate leader. He said senior people were expected to "keep cool in uncertainty". That was less than six months ago.

The statement is magnificent because it describes the situation today: Uncertainty has caused chaos and confusion over the Better Schools document. I do not have the opportunity now to go through that document. That report raises a long list of questions. Who wrote it? Some people say it was written by Dr Max Angus, Sandra Brown and Dr Loudon, who went to Mandurah for a couple of days. They put together recommendations and then the Minister sat down and put together the policy.

For the past five years there has been uncertainty in education; Dr Max Angus admits the uncertainty and directs his senior staff to cop it. The Beazley report took two years to be issued and three years went by before anything came from it. During that time education in this State was at a standstill. The Better Schools report follows some elements of the Beazley report. Mr Beazley is respected on both sides of politics but I have said before that he should not have chaired that committee because he was partisan. Every other major study in education conducted in this State has been carried out by professors, senior educators and

so on. That report is full of confusing statements. The only thing accepted from the report is that it will devolve greater powers to schools, but in scores of places it is contradictory.

We shall move from the evenness of the high standard of education we had before. In 1977-78 the Commonwealth Government, on the recommendation of its advisory bodies, gave Western Australia the lowest per capita grant for secondary pupils because it said that Western Australia had the least need. That decision was made because the Western Australian education system was acknowledged as the best in Australia. We have slumped from that status and we shall slump still further. It is regrettable that this motion had to be moved.

MR HASSELL (Cottesloe) [2.41 pm]: I second the motion. I speak about education as a person with a very longstanding interest in the subject generally, but in recent years I speak about it as a parent with three young children going through the primary school system.

Mr Pearce: Which school?

Mr HASSELL: The Dalkeith Primary School; in case the Minister does not know, that is a State school. To say that there is a state of uncertainty and confusion in education is an understatement. My colleague, the member for Karrinyup, has spoken about the recent upheaval of major appointments, about the upheavals of the Minister and the union, and the unsatisfactory aspects so far as teachers are concerned.

I want to look at this subject in a context that relates education to its outcomes and to the parents. There is a very broad measure of dissatisfaction in the community about education in Western Australia. That is a sad thing. It is a very great shame that education, which should be the crowning achievement of our society, is in such a state of upheaval and uncertainty. Parents are leaving the Government education system in droves in favour of the private system.

Mr Pearce: That is untrue.

A Government member: What is your basis for saying that?

Mr HASSELL: My statement is based on the official statistics and projections of school populations, private and public, for 1993, as discussed recently at the national conference of senior people in education; that is, headmasters across the country. My source is the official figures put together by the Commonwealth Government.

The trend in Australia is towards a greater measure of private education and that trend arises for one reason: That parents, often parents who are not rich, perceive that their children will get better treatment in the private system. That is not necessarily a good perception for them to have. Although I believe in private education, I also believe that our public education system should be of the highest standard and provide maximum educational opportunities for our young people. There is confusion, uncertainty and a lack of goals in the education system which parents and students understand. There is lack of dedicated commitment to excellence. I make those comments without being critical of teachers who are trying to do a professional job. I am talking about the Government's administration of education.

In the seven years I have been dealing with the Dalkeith Primary School I have had a very large measure of satisfaction with all that teachers have tried to do for our children in that school. There has been some dissatisfaction, particularly this year, but I do not want to go into that or to become personal about anyone. But, they arise not because of the fault of teachers or their efforts but as a result of the way the system is administered. As the member for Karrinyup said, in the past few years major changes have been made in this area which people do not understand, whether they are parents, children or teachers. I refer to the Beazley report, the McGaw report, the introduction of the unit curriculum system and the introduction of the four-year term. We see no clearly defined goals to improve our education system. One of the things that bitterly disappoints me about the treatment my children are receiving in the primary education system is the lack of computer education. In the lead-up to the last State election this Government made enormous promises about what it would deliver in terms of computer education; yet, my elder daughter will leave primary school at the end of this year virtually computer illiterate. At the same time I know that a country with the massive population that Communist China has, is teaching its children about computers from the beginning of their education, and we cannot even achieve that. The promises made by the Minister about that issue have not been fulfilled and I regard it as totally

unsatisfactory that children entering secondary school who will go from there into the community, should be computer illiterate.

Mr Taylor: You do not know what you are talking about.

Mr HASSELL: I do know what I am talking about. The problem with Government members is that they are so hung up on experts and all these fancy reports that they have forgotten about parents and children; they have forgotten about the outcomes of the education system. They should look at the real world. People who go into the work force today who are not computer literate are at a major disadvantage. Yet my daughter will leave primary school this year with no effective training in the use of computers. If the Minister says that is not a failure of our education system, he is even more ignorant than I thought about what is going on.

A Government member interjected.

Mr HASSELL: I do not know what the member's son did but I know what my child has done, and she has had an inadequate education in that area. The school has good and dedicated teachers who are committed to good values and good citizenship, but in that area the system has failed.

There is a state of confusion and a lack of morale among teachers, who do not know what will happen next. They do not know what will happen next month or next year because the department is in such a state of turmoil that the outcomes are being diminished as a result. Most of all, I come back to the fundamental point, that clearly-defined and simply-understood goals are lacking in education for Western Australia. There is a lack of understanding that the ultimate commitment must be to an excellence which exceeds that of our Asian nations and trading partners. We are living in isolation and we are not confronting the issue of maintaining a superb education system with the necessary vigour. The Government is too wrapped up in expert reports and fiddling arguments between the Minister and teachers and the Minister and the union instead of the Minister being able to pull together with a dedicated Education Department and an education team that will do for our children what they need in this generation.

I support the motion.

MR PEARCE (Armadale -- Minister for Education) [2.52 pm]: If ever there was a demonstration of why the Opposition is a laughing stock, particularly in the business community and among senior leaders of opinion in this community, today's debate demonstrates it neatly because the Opposition has shown a complete incapacity to turn its own rhetoric into practical policies or practical support for Government policies which meet those rhetorical aims. We had this Opposition, when in Government, talking and talking about the need for a better education system, proper accountability and economies of Government expenditure and proper management in the public sector. This Government is implementing all of those things. We have not produced all the rhetorical flourishes that the Opposition made about these matters, but in terms of practical effectiveness we are doing the sorts of things that it talked about.

Because of all the rhetoric that we have heard today about what is popular or unpopular and how things are going down the tube with regard to the Government education system, I will give the House a few facts. I start with the comments of the member for Cottesloe, who said that because of the maladministration of the Western Australian education system by me --

Mr Hassell: I did not use that word.

Mr PEARCE: The motion uses it, my friend, saying that people are fleeing to private schools in droves. The fact is that Western Australia has a participation rate in non-Government schools of around 23 per cent, the lowest in the nation. In Victoria that participation rate is about 35 per cent; New South Wales, 26 or 27 per cent; Queensland, of a comparable order; and Tasmania, of the order of 30 per cent, as well. In fact, people in Western Australia are supporting the Government school system more than in every other State.

The most recent survey that I have seen related to whether people believe that the Government's performance in education is good or bad and was the Labor Party's survey in the Gascoyne electorate prior to a recent by-election. The good electors of Gascoyne picked,

of all the issues related to Government performance, the fact that it had performed best in education. I am privy to a survey of people in the Eastern States with regard to the attitude to education generally and those systems do not get the community support that the education system here has. That is not to say that there are not difficulties inherent in the reforms that we are making in the education system, as they are sweeping reforms being built according to a vision which we had while in Opposition, which we have successfully implemented over the past five years and which, with a further four years to go, we will be able to put it into effect completely while in Government.

Mr Clarko: Have you noticed any confusion among teachers? Do you think that there is no truth in the statement that teachers are bewildered?

Mr PEARCE: What we have, particularly in the case of the member for Karrinyup, is the belief that because he is bewildered everybody else is also bewildered. I get around the State extensively into our school system and it is true that the job of communicating the magnitude of change to schools is an extensive task and at any given point not every teacher in the system knows precisely what is to happen in every other part of the system, although they are normally well informed about what is happening in their own patch. The member for Karrinyup sought to build an edifice on the fact that a teacher in an unnamed school had not received course material for next year.

The member for Cottesloe, in what must have been the most dishonest speech he has made in this Parliament -- and that is reaching a high standard indeed given many of the other speeches that he has made -- tried to talk in terms of nothing being done, and everybody being confused, and he particularly picked on the question of computer education around which to base his case. The fact is that under the Liberal Government if a school wanted a computer the parents had to raise the money for it.

Mr Clarko: Dr Vickery said that computer education in WA was probably the best in Australia in primary education and in secondary education second only to Tasmania.

Mr PEARCE: That was on the basis of parents buying the computers. This Government has allocated \$5 million in the Budget this year for 2 600 computers to be issued free to Government schools on the basis of one computer per 40 students in secondary schools, and an average of three computers per primary school, which is a giant leap forward in terms of computer education.

This is dramatically more than the Liberals ever did when in Government. The Liberal Party expected parents to buy the computers and a Government subsidy was given. However, there was the real inequity: The subsidy money was paid only if parents raised the money in the first place, so schools in poor areas, which could not raise the money, could not get the computers. However, schools like Dalkeith, where the parents had the wherewithal to raise money for computers, could attract the Government subsidy; but that is a typical Liberal policy, money for the well-heeled and do not worry about the others.

This Government has given computers to all schools on an equal basis; we do not consider whether parents of children attending a school are rich or poor. It is our view that all students deserve access to computer education and we have put our money where our mouth is to the extent of \$5 million in this year's Budget for those computers, and there is more to come as we refine and develop this approach in the years to come.

Mr Clarko: Are you the best now?

Mr PEARCE: Western Australia is streets ahead of all other States in terms of computer education and no other State makes the provision for computers for schools that our State is making at present. That is one of the reasons why this State's education system is so well supported by parents and the community generally. The member is just right out of touch. Because the member for Karrinyup has received telephone calls from teachers, and because I sometimes find myself at odds with the Teachers Union in attempting to achieve these reforms, he thinks that there is vast community disquiet about this matter. There is no such community disquiet; there is a good acceptance in the community of the kinds of reforms that we are seeking to make.

Mr Hassell: The Teachers Union does not agree with you.

Mr PEARCE: I did not say that it agreed with me. The member for Cottesloe, the greatest

union basher that this Parliament has ever seen, stood on his legs and for the first time in his life said that there was something fundamentally wrong with a Minister who came into conflict with a union, that whatever the Teachers Union says is right and that my job as Minister is simply to agree with that union -- if not, there is something wrong.

Mr Hassell: The Minister must have been stung by my remarks because he is going over the top. For his own sake, he should get down to reason.

Mr PEARCE: That is why the member for Cottesloe was dumped, because he has no credibility in the community. The Liberal Party will never get back into office so long as we do these sorts of things, which cut right into the bureaucratic growth that occurred in the Education Department under the member's Government. We will take the money saved and give it directly to schools and parents to enable them to make their own decisions and to deploy their own resources. In our view, people ought to have a say in the education system and Government schools ought to be more like private schools to the extent that parents can influence education in those schools and have a say about education policies and why, in fact, parents are supporting this approach in Government schools to the extent that we have been given support by the Western Australian Council for State School Organisations for all these things.

When someone goes around to business and management groups and says, as the shadow Minister in another place said yesterday, that there is something fundamentally wrong with restructuring a large Public Service department like the Education Department where we are installing managers instead of teachers, that is why people laugh at members opposite because they have not got an original idea.

Mr Clarko: Education was more stable then, and better than now.

Mr PEARCE: It was more stable in the days of the Romans, for heaven's sake, and the days when only the rich were educated and the poor did not learn to read. One can get stability in the education system, but one cannot get stability in society which changes year by year. As the needs of society change the needs of students also change year by year. The member opposite says that a good education system for 1987 is a good education system for 1947 or 1927 and he calls that conservatism, saying that conservatism is good. The problem is that society of 1987 is not the society of 1967 or 1927 and the needs of our young people are dramatically different from the needs of the children of 20 or 30 years ago. We need to design an education system which matches their needs.

Mr Clarko: You have not found it.

Mr PEARCE: It is not an easy thing to do; it is a very difficult job, as people across the world who have attempted education reform have discovered. A very senior businessman -- a multimillionaire -- was brought in for a year by the Texas education authorities a few years ago to revise the Texas education system from a business background. He had built up a personal fortune of many millions of dollars and had run a very large company in a tough business environment, but he said that the hardest, toughest, bloodiest year he had spent was the year he spent trying to reform the Texas education system. I know how he felt because it has been a hard road for me personally, and for my colleagues who have been prepared to give me a lot of support in the reforms we are seeking to make.

But I tell the member for Karrinyup that when I go around the business community, which ought to be his constituency, I get an awful lot of support for what we are trying to do because those people see that we are prepared to tackle the hard questions of management in the public sector, and the hard questions of producing graduates from our schools who meet the needs of employers and the society in the late 1980s, going into the 1990s. I get a tremendous amount of support for that.

Mr Clarko: I am pleased they say that now. They were not saying it earlier.

Mr PEARCE: They were not saying it when the member for Karrinyup was the Minister for Education. We get a tremendous amount of support from those people. We get a lot of support from parents and I believe we get a tremendous amount of support from students as well.

Mr Clarko: Parents are dissatisfied, as are employers.

Mr PEARCE: We get a lot of support from teachers, although at the same time I would have

to say we get a lot of criticism from teachers as well. It is the case that teachers have to do the hard job of implementing these reforms. It would be easier for teachers if they did not have to implement these reforms.

Mr Clarko: What is your popularity with teachers now, compared with the last five years? It would have to be at its nadir.

Mr PEARCE: Earlier this year the Labor Party polled my popularity as the Minister for Education across the community generally, including teachers, and it was found that I had a 34 per cent approval rate and a 33 per cent disapproval rate. That approval rating headed any approval rating that the member for Cottesloe ever had when he was in the much higher-profile position of Leader of the Opposition. It shades the current Leader of the Opposition's rating by about 10 per cent.

Mr Hassell: That is not absolutely right, but I still would not take much comfort from it if I were in your position.

Mr PEARCE: I am not a leader of a party, merely a Minister amongst a group of other Ministers, in an important area. So members opposite should not comfort themselves with the view that because, in order to achieve the level of reform that we have, I have had to be brought into conflict with the State School Teachers Union and occasionally with others, the Government's policies in education are unpopular. If the Opposition put its new super-gismo opinion polling organisation onto the job it would discover, as we have in our polling, that that simply is not the truth.

I raise one last question about the sincerity of the Opposition in raising this matter of public importance today. The member for Karrinyup in his speech addressed issues which were six months old; in fact, about the time he put on the Notice Paper Notice of Motion No 2 which sought to condemn the Government for its total destabilisation of education in Western Australia. That has been on the Notice Paper for six months and the Opposition has never thought it necessary to bring it forward. In all that time private members' day after private members' day has rolled on and the Opposition has not had a word to say on education. It has had no constructive policy of its own.

Mr Clarko: Of course we have.

Mr PEARCE: What is it?

Mr Clarko: Those things that went on six months ago are as true today as they were then and in 15 minutes I have to pick the eyes out of it -- and Bateman's writing to me is a high point; a writ being taken out by you against the leader of the State School Teachers Union is a high point. Although they may be six months old those issues are still very important and fundamental.

Mr PEARCE: But it takes until today for the member for Karrinyup raise the matter. That is how serious and important the Opposition believes the education system is in this State. The Opposition brought it to its knees when it was in Government; it has no policy about it now; it cannot even criticise on time.

The Government will not be supporting this motion. The Government has a lot to point to in terms of important educational reforms upon which it has embarked during its five years in office; and those reforms, difficult as they have been, have wide community support, as the member for Karrinyup will discover -- as he did in 1986 -- when he fronts up for election in 1989 and seeks to maintain his credibility on that issue against the credibility that six years of performance has built up for the Labor Government in this area.

DR LAWRENCE (Subiaco) [3.05 pm]: I, too, oppose this motion in the strongest terms. For many years I have watched the development of education in this State and I have heard on many occasions calls by parents, by teachers, by educational specialists, and even occasionally by the Opposition that reforms were long overdue.

Under the previous Liberal Administration we suffered from the development of a stultifying bureaucracy in our education system. At one time or another I am sure that all teachers in this State have complained of the difficulties they have had in conducting their business as educationists because they were so constrained by a central administration. I am sure the member for Karrinyup in his more honest moments would recognise that that has been the major obstacle to educational improvement in this State. So while some members opposite, even the member for Karrinyup, and perhaps even the member for Cottesloe --

Mr Clarko: What were you doing?

Mr Peter Dowding: I was the member for a regional area and you personally did a dreadful job.

The SPEAKER: Order! Order! Let us listen to the member for Subiaco.

Dr LAWRENCE: Thank you, Mr Speaker. While some members of the Opposition, including the members for Karrinyup and Cottesloe, have called at times for the need for education to be flexible, to be relevant, and to change with the times, they have never shown the gumption to actually change those sentiments into action. For 10 years they presided over an education system that slowly ground almost to a complete halt; so if now change seems difficult for some people to accommodate it is precisely because it seems like a rapid rate of change in comparison with what occurred under the Liberal Administration. In reality it is not.

We have made steady progress over these five years and I congratulate the Minister for having a great deal of tenacity in putting forward the reforms necessary to kick our education system into life again. We have made steady progress by reviewing and acting upon reviews and recommendations.

The Beazley and McGaw reports were both well researched, independent, and expert contributions which enjoyed wide support in the education establishment amongst teachers, parents, and students. The recommendations of those reports were widely accepted in the community and they touched upon critical matters which had been ignored under the previous Administration: How to determine forms of assessment that were relevant to the 1980s and be fair on all those participating in the education system; how to devise means whereby the curriculum could progress in tune with the times and also provide for the variety of ranges of ability that students demonstrated; how to reform the administration in such a way that it was responsive to local and community needs and was not simply a huge monster that presided over a dying education system in the State; and how to encourage community and parental involvement so that that very necessary ingredient of community commitment was part of the education system again, so that instead of having teachers and parents on the outside of the educational process they were participants. Those committees and their recommendations enjoyed wide dissemination and consultation, both within the educational establishment and outside.

This Government has been characterised by a combination of a philosophical commitment to involvement in the schools by local staff, parents, and students, and to improving the efficiency and effectiveness of education. We have not ignored the realities of budget constraint, nor the need to bring the public sector into the 1980s, and the Better Schools report reflects that philosophy very well indeed. Again that document, unlike many others in the past, has enjoyed very wide consultation with parents and staff and wide dissemination in the community.

Like many members on both sides of the House I have been present when the Minister for Education and his staff have explained and outlined the main components of the Better Schools report, and I might say that I have not yet attended a meeting where opposition to that report has been even a small minority. By and large the parents particularly, and the staff, are very keen to see the main recommendations of that report implemented because it overcomes many of the difficulties they have had to live with over the past decade. Those difficulties deserve highlighting, since this motion is very critical of the present Minister and the Government and talks of maladministration.

The complaints under the member for Karrinyup's administration were of the following kind: That the Education Department, as it then was, was a bureaucracy without direction, as was much of the Public Service. The philosophy of Liberal Governments has frequently been one of "Do nothing, let the public sector run its own affairs." They are quite happy to accept the perks of office, but none of the responsibilities. The Minister for Education in the former Liberal Government had a particularly strong reputation for that way of dealing with the public sector. He was indolent and disinterested by most people's standards, and paid little attention to educational philosophy or improvement in such things as the retention rate of students and the quality of graduates from our schools. I am outlining to the member for Karrinyup what the perception was at the time of his administration.

Mr Clarko: You are dishonest.

Dr LAWRENCE: His administration, where it existed at all, was based on elitist principles and indifference to the relevance of course and school structures to the 1980s. As suggested by the Minister for Education, "the status quo rules, okay", even if that is 40 or 50 years out of date. If the perception by some teachers is that the pace of change is too great, and I admit that is a perception some teachers have expressed to me, the reason is that after nearly a decade of Liberal administration the development of education was non-existent. Our former masters made a virtue of maintaining what was; they had no vision and no idea of how to improve what needed to be improved.

Under the administration of this Government we have seen a steady improvement in local autonomy in education, staff participation, and facilities and resources including computer facilities; in the options available for children right through the school system; in student retention rates; and in the opportunities for staff to enjoy promotion by merit instead of the stultifying, "promotion by sitting around as long as one possibly could" type of system which prevailed under the Liberal administration.

I want to deal with a couple of points made by Opposition speakers. It is most unlike the member for Cottesloe to generalise from one instance. A case of $n = 1$ does not make a very substantial criticism. It is not an elegant argument, and it is not very convincing to say that because one has had certain experiences in a particular school it is true of all schools.

The other point which has come through is that teachers, in the opinion of members opposite, are distressed and dismayed by what has been happening under what the Opposition calls the maladministration of this Government. I have been aware of some concern among teachers, but I have also been aware that in the last six months they have moved together in a way which I find very impressive, so that now there is almost not a school in this State that is not very well attuned with the Better Schools report and the unit curriculum. There is a great deal of pride for those teachers in the fact that in quite a short period they have been able to put together some dramatic changes in the education system as participants. It has not been foisted on them from on high, and they are the architects of their own education system.

I turn to two other points: First, the contention by the member for Karrinyup that the Minister can somehow be held responsible for the dissension in the Teachers Union I find a ludicrous proposition. He would well know that the Teachers Union has had considerable difficulties this year, and it has been riven by strife, by anyone's description, but most of that has been due to attempts by an extremist group within the union to wrest control of it. It is fortunate that in the recent elections for those senior positions the moderates have prevailed. The union leadership in other words has been in a beleaguered position for the last 12 to 18 months, and it is perhaps not surprising that it has not always been consistent in its point of view, or flattering towards the Minister.

In relation to computer education, the Opposition must take much of the responsibility for whatever deficiencies exist there. They somehow believe now that computers were invented in 1983. They have been available for a lot longer, and the fact that there are so few in schools despite the efforts of this Government is testimony to the neglect of members opposite. Finally, the complaint that this change is ideologically based is not a complaint at all. The Labor Party has a vision, and it has gone about implementing that vision. The previous administration was, and I suspect will be in the future if it ever has a chance again, characterised by lack of goals and direction. That is not a fault of this Government.

I support the Minister for Education and the efforts he has made, and the Government in the changes it has been honest and concerned enough to institute over the last five years. I oppose the motion very strongly.

MR HOUSE (Katanning-Roe) [3.15 pm]: I support the motion although I do not agree with the exact wording of it. The National Party's support is based on a couple of points I wish to raise in the few minutes available to me. The National Party and I have always supported the principle of the Better Schools report right from the time the Minister first announced the report. However, we have some disquiet about a number of areas and I will use this time to raise those issues.

I know from my electorate that many submissions have been made to the Minister and the department with regard to the Better Schools report. Many people have formed committees

and suggested to the department how some areas of the report could be implemented. That is a positive thing about the report -- at least some public input has been sought. The negative aspect is that not a lot of it has been acted on, and many people are questioning whether the Minister intends to put into practice the hard work and effort which people put into those areas where they made submissions.

We are not against change in the education system; many areas need to be changed, but we need to know in which direction we are going and where we are heading. There is a great deal of uncertainty in the community, particularly in the country community that I represent about what the Better Schools report means in some areas of definition. There are teachers who are confused about their future and whether they will have to stay in the country for longer periods than they would want; whether they will be able to change jobs or schools in the same way as before. Parents are bewildered about what it means for their children, and many students also think they are disadvantaged. The time has come, Minister, for some action. We want a sound base for the future. We do not object to the change, but we need to have a base on which we know we can work and change --

Mr Pearce: It is ironic. What you are saying is "Go faster", and your colleagues are saying we should go slower. I can assure you there will be significant cash grants in the schools at the beginning of next year and school councils, which is what you are asking for.

Mr HOUSE: I hope the Minister was listening when I started my comments because I said we supported and still do support the thrust of the Better Schools report. I was trying to make a few points which are of concern to the people I represent.

With regard to agricultural schools, we do not seem to have had the policy spelled out clearly as yet, and there is a great deal of concern in those schools about that. The country school bus review committee which the Minister promised us this time last year would report in time to be implemented in 1987, has still not reported. The report is still not public.

Mr Hassell: He has got the report, hasn't he?

Mr HOUSE: He says he has the report, but it certainly has not been implemented, and we do not know where he is going with it. It is a very important issue for country people. I would go so far as to say that country people suffer a great disadvantage in many areas of education. We do not want that to be exacerbated and increased. We have seen the mixed-mode scheme and the distant education system set up, and in some places they have played a part in helping the education of country children. However, some other areas need to be tidied up. I do not think one would run a business in the way the Minister is trying to run the Better Schools report. One would not put in place a policy without knowing which direction one was going. I think that is the case now. We should speed up this review so we do know where we are going.

The Minister said he thought there was no disquiet in the community. I assure him that, although there is general support for the thrust of what he is attempting to do in country areas, there is disquiet in the minds of many people about where we will finish up. Those people want the Minister to spell out clearly where the Better Schools programme will finish up. It has not been exactly clear until now.

With those few reservations, the National Party supports the motion.

MR READ (Mandurah) [3.22 pm]: I oppose this motion. I listened to the member for Karrinyup's speech with interest as he is a former Minister for Education. However, he did not substantiate anything that he said. There was no basis to his speech at all; he spoke in general terms. He said things like, "education is in a state of crisis, chaos, confusion, and is full of cronyism". In no way did he attempt to justify anything. It is very easy for members to say all is bad in the land of nod. If that is not justified, it has no credibility. The former Minister for Education has no credibility. He said also that teachers and the Teachers Union were bewildered about what was happening in education. I wonder how much research the member for Karrinyup did with teachers. I have spoken to many teachers and was a teacher myself for 24 years. I have not picked up the same concerns about education that the member for Karrinyup seems to have picked up.

He said that the tall poppies of education were being cut down by the Minister and gave as an example the case of a man who accepted his golden handshake. I believe that, if that person had been involved in the education system for any length of time, he would be aware that a

certain amount of stress attaches to the job. Perhaps this was an excellent opportunity for him to leave the system. He may not have been dissatisfied at all.

Mr Clarko: They are being pushed out.

Mr READ: That is an easy statement for the member to make. Can he justify that?

Mr Clarko: Speak to Hon Barry House about his superintendent.

Mr READ: The member for Karrinyup made the statement; why does he not produce the evidence? I could make statements such as that half the Liberal Party does not support the present leader. Even though I would probably be correct --

Mr Clarko: More tall poppies are resigning this year than ever before in the history of education. They are being pushed out.

Mr READ: Because they have the opportunity to leave if they wish.

The member for Karrinyup's speech was filled with ridiculous statements. He held up the President of the Teachers Union as an expert on education. He cannot expect us to believe that, because he says someone is an expert on education, we should all believe it.

Mr Clarko: I did not say that.

Mr READ: Of course the member did. He quoted the president as his expert source.

The member for Cottesloe has not been involved in the education system. He spoke from personal knowledge relating to one of his children. I understand his concerns, but I do not think those concerns justify the raising of this matter.

The Better Schools report is a blueprint for change. Let us consider some of the changes made by the Opposition when it was in Government and its new-found concern for the Teachers Union. I was a member of the Teachers Union some years ago when the Liberal Government of the time broke the nexus between Western Australian and New South Wales teachers' salaries. That decision was cold-bloodedly made by the Government without any consultation with the Teachers Union. It was told that the determination had been made. The Government at that time rang the union to tell it what it proposed to do.

The former Liberal Government also attempted cutting back on funding for education. No matter how noble it tries to sound, if we look at the root causes for the change of mind by the Government of the day on that matter, we see that the parents joined with the teachers in opposing that move and the Government of that time saw that it was committing political suicide.

Many members will recall the efforts of the Liberal Government to break the Teachers Union. It withdrew the service of deducting union fees from teachers' salaries. The aim of that action was to break the Teachers Union. I wonder whether, if the Opposition pointed that out to the President of the Teachers Union, this new-found support for the union would last.

I oppose the motion.

Question put and a division taken with the following result --

Ayes (18)

Mr Blaikie
Mr Bradshaw
Mr Cash
Mr Clarko
Mr Court

Mr Crane
Mr Greig
Mr Hassell
Mr House
Mr Lewis

Mr MacKinnon
Mr Rushton
Mr Stephens
Mr Thompson
Mr Trenorden

Mr Tubby
Mr Wiese
Mr Williams (*Teller*)

Noes (24)

Dr Alexander
Dr Bertram
Mr Bridge
Mr Burkett
Mr Carr
Mr Donovan

Mr Peter Dowding
Dr Gallop
Mr Grill
Mrs Henderson
Mr Gordon Hill
Mr Hodge

Mr Tom Jones
Dr Lawrence
Mr Marlborough
Mr Pearce
Mr Read
Mr D.L. Smith

Mr P.J. Smith
Mr Troy
Mrs Watkins
Dr Watson
Mr Wilson
Mrs Buchanan (*Teller*)

Pairs

Ayes

Mr Mensaros
Mr Lightfoot
Mr Watt
Mr Cowan
Mr Grayden

Noes

Mr Bryce
Mr Parker
Mr Brian Burke
Mrs Beggs
Mr Evans

Question thus negatived.

ACTS AMENDMENT (PARLIAMENTARY SUPERANNUATION) BILL

Second Reading

MR PEARCE (Armadale -- Leader of the House) [3.31 pm]: On behalf of the Premier, I move --

That the Bill be now read a second time.

Members will recall that in November 1986 legislative amendments were made to bring within the jurisdiction of the Salaries and Allowances Tribunal the determination of certain matters relating to parliamentary superannuation. The purpose of conferring this responsibility upon the tribunal was to achieve a degree of neutrality in the fixation of members' superannuation conditions.

The amendments made to the Parliamentary Superannuation Act last year included an increase in the conversion factor from 10 to 12 for calculating lump sum payments when members decide to commute some or all of their pension entitlement. Members will recall that last night the Treasurer outlined his views on the level of salary that should be paid to members of Parliament and to Ministers and the steps the Government intends taking regarding this matter.

I am sure that all members will be aware that if the level of salary paid to members is increased, it will have the effect of increasing pension benefits for retiring members. This is because pension benefits are expressed as a percentage of basic salary paid to members. While the Salaries and Allowances Tribunal is empowered to adjust the basis of calculating pensions so that the benefits available to members are at a level that can be justified, it does not have such discretion to deal with the commutation conversion factor. On reflection, it would have been appropriate to have also conferred upon the tribunal the power to fix the commutation conversion factor when the 1986 amendments were made.

It is therefore proposed in this Bill that the tribunal be given the necessary authority to determine the commutation conversion factor for calculating lump sum payments. To achieve this objective, it is necessary to amend both the Parliamentary Superannuation Act and the Salaries and Allowances Act.

The measures proposed in this Bill are consistent with the steps taken by the Government last year in its endeavour to remove from the political arena the fixing of members' superannuation conditions.

I commend the Bill to the House.

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

ROAD TRAFFIC AMENDMENT (RANDOM BREATH TESTS) BILL

Third Reading

MR GORDON HILL (Helena -- Minister for Police and Emergency Services) [3.34 pm]: I move --

That the Bill be now read a third time.

I take this opportunity to announce to the Legislative Assembly that the Legislative Council has today failed to accept an amendment to the Standing Orders of that House. The Government wished to pursue the amendment in order to allow this Bill to be debated in the Legislative Council.

The Opposition in the Legislative Council has decided to prevent debate on this Bill. Yet again, it has not allowed the Government the opportunity to present this case to the Legislative Council. I deplore the actions of the Opposition in the Legislative Council, which are purely political. It is not prepared to discuss this matter in the other place, and it wants to avoid incurring the odium of the community; the wrath it so richly deserves.

The Opposition's action, which I have said I deplore, will not prevent the Government bringing this Bill forward on another occasion. The Government will pursue the question of random breath-testing which is needed by the Police Force in Western Australia to support its campaign to make our roads safe. The Government will continue to press this issue and eventually I can only trust that the Opposition in both the Legislative Assembly and the Legislative Council will come to its senses and support the Government's initiative to introduce random breath-testing in this State.

Question put and a division taken with the following result --

| Ayes (24) | | | |
|--------------|------------------|----------------|-----------------------|
| Dr Alexander | Mr Peter Dowding | Mr Tom Jones | Mr P.J. Smith |
| Mr Bertram | Dr Gallop | Dr Lawrence | Mr Troy |
| Mr Bridge | Mr Grill | Mr Marlborough | Mrs Watkins |
| Mr Burkett | Mrs Henderson | Mr Pearce | Dr Watson |
| Mr Carr | Mr Gordon Hill | Mr Read | Mr Wilson |
| Mr Donovan | Mr Hodge | Mr D.L. Smith | Mrs Buchanan (Teller) |

| Noes (17) | | | |
|-------------|--------------|--------------|----------------------|
| Mr Blaikie | Mr Greig | Mr Rushton | Mr Wiese |
| Mr Bradshaw | Mr Hassell | Mr Stephens | Mr Williams (Teller) |
| Mr Cash | Mr House | Mr Thompson | |
| Mr Court | Mr Lewis | Mr Trenorden | |
| Mr Crane | Mr MacKinnon | Mr Tubby | |

| Pairs | | | |
|----------------|--|--------------|--|
| Ayes | | Noes | |
| Mr Bryce | | Mr Mensaros | |
| Mr Parker | | Mr Lightfoot | |
| Mr Brian Burke | | Mr Watt | |
| Mrs Beggs | | Mr Cowan | |
| Mr Evans | | Mr Grayden | |

Question thus passed.

Bill read a third time and transmitted to the Council.

ACTS AMENDMENT (PORT AUTHORITIES) BILL

Second Reading

Debate resumed from 12 November.

MR CASH (Mt Lawley) [3.39 pm]: This Bill before the House seeks to amend a number of port authority Acts -- the Albany Port Authority Act, the Bunbury Port Authority Act, the Esperance Port Authority Act, the Fremantle Port Authority Act, the Geraldton Port Authority Act, and the Port Hedland Port Authority Act. In broad terms, the purpose of this Bill is expressed by the Government to increase the financial accountability of port authorities around Western Australia, and also to improve the general management efficiency of those port authorities.

The Bill contains a number of interesting new features flowing from the Government's decision to require its various authorities to become more accountable. It will require those port authorities I have just mentioned to recommend each year to the Government a dividend to take into account the Government's equity in port authority assets. The Bill also provides that port authorities negotiate with the Government on financial targets, which the Minister may or may not agree to, to reach an understanding on both the port authorities' behalf and the Government's behalf, of the various targets that the respective port authorities should aim for in any one year.

Members will be aware that the Opposition has for some time called on the Government to make more accountable the various agencies and departments of Government. In that regard, the Opposition is prepared to support this Bill, although a number of matters within the Bill need attention and should be raised, not only on behalf of the port authorities involved but also on behalf of other Government agencies which may be faced in future with similar legislation.

I confirm again to the Minister and the House that in general terms the Opposition is prepared to support greater financial accountability and increased management efficiency of any Government authority. After all, these authorities are managing State assets -- the people's assets -- and the people are entitled to expect a fair return on those assets.

The Bill proposes that the Minister may give directions to port authorities on either general or specific matters. It is important that we know that one of the reasons the port authority management committees were established many years ago in Western Australia was primarily to take account of the local knowledge gained of a particular region and to use that local knowledge to help the port authority to operate on as efficient a basis as possible.

Most port authorities comprise members appointed by the Minister, and are often people involved in the shipping industry, the general management of the port and the various other user groups who have an interest in the efficient running of a port. Port authority management committees also comprise members of the business community of a given locality. That group of people are required to manage the affairs of that port authority in an efficient and effective manner.

It is appropriate that this House acknowledge the fine role played by port authorities around Western Australia over many years. No doubt the local knowledge of the various committees has contributed greatly to the efficient running of those bodies, and the fact that they are able to relate to the unique local conditions that face them.

The various authorities mentioned earlier range from Esperance in the south to Port Hedland in the north, which is a huge distance between the port authorities. Obviously the matters that affect the various port authorities change as the location changes throughout the State. As I have said, it is important in running those authorities that local knowledge be applied to any management decision.

I refer again to the provision for the Minister to give directions to port authorities. I accept that the Minister is the Crown's representative in charge of transport, in this case, and in particular port authorities. He does have the right to say how port authorities are managed. However, in due course I would like a commitment from the Minister that he will not unnecessarily interfere with the management of the authorities. I repeat that the port authority committees around Western Australia have provided a very necessary service over the years and for that the State and the taxpayers are unquestionably grateful. The Minister should make clear his intentions in giving those directions.

As to financial accountability, it has been argued that the various port authorities around Western Australia have had the opportunity to discuss with the Minister's office the proposals that are currently encapsulated in this Bill. I have only the Minister's word for that, and the word of the officers in his department, because whilst I was prepared to speak with the general managers and general secretaries of the various port authorities, the Minister made the point that any discussions I had with those people should be with his consent and knowledge. The Minister was of the view that he would prefer that those officers did not make contact with the Opposition parties. I accept that, although it appeared to me at the time to be a case of someone trying to hide something.

Mr Troy: On the contrary.

Mr CASH: I accept the comments made. As I say, I was grateful for the briefing given to me by the two officers from the Minister's department. I conveyed the knowledge gained in that briefing to members of my party who, in the main, were prepared to accept the general provisions of this Bill, not forgetting of course some members have reservations about the directions the Minister may give to port authority management committees around the State, and also the extent of the financial target which the Minister intends to apply. Reservations were also expressed on the extent of the dividend which the Minister will require to be paid each year to the Government's Consolidated Revenue Fund.

In discussing this proposition with the business people in the various ports that are the subject of this Bill and with other user groups, they certainly made the point to me that whilst they recognise it perhaps could be argued that in the past a very small number of port authorities had expended capital works money on some fairly controversial items of equipment, in the main they generally considered that the port authority management committees had done a good job and over the years had always worked in the interests of the region. It was sometimes difficult for them to explain that they believed in good faith they required particular pieces of equipment or machinery.

Returning to the dividend, whilst it will be generally agreed to between specific port authorities and the Minister, not all dividends will necessarily be the same inasmuch as the Bill requires the Minister to have regard to local conditions applying at any time to a given port authority. When I sought the advice of various people on the provisions of this Bill, it was argued on a number of occasions that paying a dividend to the Government was causing moneys generated from a particular locality to be remitted to what is a central bureaucracy, and that the local area of a port authority could lose out on any revenue that had been raised in the area. I accept those comments. I trust that the Minister will have regard for that fact when he determines a particular dividend.

Mr Court: What was the last point that you were making?

Mr CASH: I reply to the Deputy Leader that some user groups and members of port authorities generally -- not general secretaries or general managers, but other members of port authorities -- made the point to me that if they were required to pay a dividend to the central Government consolidated revenue that would take out of a region revenue generated in that region and that money would no longer be spent there. That point must be recognised. That is what is intended in this Bill.

I make the point to the Minister that in assessing any dividend to be paid by port authorities around Western Australia he must have regard for the local communities from where that dividend comes. That would be one of the greatest complaints that I received around the State when I sought comments on this Bill. It is fair to say that over many years the Government has committed a huge amount of taxpayers' money to funding various port authorities around the State and where it is economically feasible, and reasonably possible, obviously the Government is entitled to think that some dividend, no matter how small, should be paid by the port authorities in a position to make some sort of contribution; I guess, in effect, it is recognising, as the Bill suggests, the State's equity or interest in the plant, equipment and wharfage that exists around Western Australia.

It is also fair to say that one cannot look at this Bill in purely economic terms. Certainly, one cannot look at the establishment of any port authority, or port in Western Australia, on purely economic grounds; if we were to do that, I am quite sure that the port of Esperance and possibly the port of Albany, would have never been founded. Obviously, because of their location they provide special economic and social benefits to the State of Western Australia and not all of those benefits can be seen to be applying just because ships either enter or leave those ports.

I make the point to the Minister in respect of the dividend that he intends be charged that there is no question that various port authorities will have a view of their own and it is important that that view is recognised when he makes the final decision about how much each port authority is to pay to consolidated revenue. That is to assume that they are in a position of profit and able to make a payment in any given year. I also recognise that there is provision in the Bill for both the financial target and dividend to be adjusted throughout the year if particular circumstances overcome a given port authority; that is to say, if a specific port authority has to make an expenditure that could not have reasonably been seen earlier when its accounts and recommendations were made to the Minister, that the Minister be in a position to vary both the financial target and dividend for any year.

I expect that from time to time, and as circumstances change, port authorities will approach the Minister seeking variation of previously set targets and dividends. I was also concerned to note that the Bill in itself may offer a carte blanche opportunity to port authorities to maximise their revenue and therefore be able to pay a dividend to the State by unnecessarily increasing port charges. In my briefings with senior officers of the Minister's department I took the opportunity to suggest that that would be an easy option that a port authority

required to meet a particular dividend, an authority that might not be running its port as efficiently as possible, could as a soft or easy option decide to increase charges so that it could make up revenue for the year. It was pointed out to me -- and I took this in good faith hoping that the Minister would confirm this fact -- that the Minister will be looking diligently at any proposed increases in charges and at whether those increases will have to be justified in future perhaps even more than they have been justified in the past so that the accusation cannot be made that the soft option has been taken.

I was further advised by the Minister's advisers that Cabinet is the final authority in respect of increases in charges and that the current Cabinet philosophy, certainly policy, is to keep down prices in respect of port authorities as much as possible in the short term, and one would hope in the long term. I acknowledge the input from the Western Australian port authorities organisation and in particular its chairman, John Welling of the Bunbury Port Authority who has played an important part in ensuring that port authority managements generally understood the provisions of this Bill and who without question has played a significant part in having those various management teams, and port authority commissioners from around the State generally, agree in principle to the objects of this Bill.

I thought it necessary to find out what the other States of Australia were doing in respect of requiring dividends or financial targets for their various port authorities. In Victoria they have a system using a rate of return reporting system. I was surprised to find out in respect of that Victorian experience that all ports were required to aim for the same rate of return not necessarily having regard for the different activities performed by different ports or divisions within ports in Victoria.

In New South Wales currently discussion papers are being considered in relation to the proposal in Western Australia and if it is seen to be successful in Western Australia I have no doubt that the New South Wales Government will follow this course of action. I was interested to note that there are Commonwealth discussion papers generally for financial targets to be set for various Commonwealth departments. Again, whilst our political philosophies may never be the same, I am moved to think that Commonwealth and State Governments around Australia are becoming more aware of the importance of financial accountability of Government departments and agencies.

Perhaps the most important point that needs to be confirmed by the Minister is that this Bill will not create a system where there is more central control. I said earlier that there is concern about provisions in the Bill for the Minister to direct both specifically and particularly various port authorities around the State. A concern is held by a number of Opposition members that this is nothing more than a bureaucratic attempt to centralise management and control of port authorities in the central city. That would be a disastrous thing to happen if the Minister carried that proposition through. At present, I can only take in good faith the comments of the Minister and his advisers that central control is very much to be just a monitoring control and not a management one of the various port authorities around Western Australia.

I also note that a formula is used in the valuation of the assets of the various port authorities and that the Valuer General, in conjunction with port authority staff and others, is currently working on the valuation of the various assets of the port authorities around Western Australia. It is important to distinguish between the equipment purchased with taxpayers' money -- the Government equity -- and the equipment that has been donated or provided to a particular port by various private organisations or other user groups. The valuation formula and the dividend formula that is set out in this Bill seeks to make that distinction.

The Opposition supports in principle the philosophy of requiring Government agencies to be more financially accountable and to justify capital expenditure and their various incomes and expenditures for any given year. I ask the Minister whether he intends to apply this objective to expenditure in other areas within his own portfolio, and I am particularly thinking of Westrail. If Westrail were required to have due regard for the capital assets of its organisation and the huge amount of taxpayers' money that has been poured into that organisation over the years, it would seem to me that there would be an immediate need for a professional management team to start cutting back or at least rationalising some of the existing services that Westrail provides, which I believe could be more efficiently and economically provided by, first, the private sector, or secondly, if not the private sector by

itself, certainly the private sector in conjunction or in a joint venture arrangement with Westrail. I was pleased to hear recently that the Minister was discussing with Westrail the possibility of the Perth-Albany road bus service being either shared with private enterprise or being sold off to the private sector. As long as there is no loss of service to the current user groups of that facility, I think in principle that would be a very good idea. While railways do not concern this Bill, I would be keen to hear from the Minister about his latest negotiations with the Commonwealth -- in particular, Australian National Railways -- as to the possible takeover of some or all of Westrail's operations in Western Australia. The Opposition would be opposed in general terms to ANR taking a greater management part in Westrail. We consider that some of the country towns in Western Australia are at present disadvantaged by the central management system of Westrail, and if the management or ownership of Westrail were to be transferred in part or in whole to the Eastern States, we would see that as being detrimental not only to the State generally but also specifically to country towns, which rely on the services provided by Westrail.

The Opposition is prepared to support in broad terms the Bill before the House. We have reservations as to the Government's real intentions, and much of our support at the moment is based on the good faith advice of this Minister and other members of his department to me and to other Opposition members. I will say, however, that in general terms my discussions with user groups around Western Australia indicate that they would be prepared to acknowledge the need for an efficient and effective port authority management system, but as was raised on many occasions during my research on this Bill the committees of port authorities in Western Australia have over many years provided a service to the State which is extremely efficient and effective, and a service that they believe has in the main been extremely worthwhile. The Opposition supports the Bill.

MR HOUSE (Katanning-Roe) [4.06 pm]: This Bill is probably one of the most unnecessary pieces of legislation that has ever come before this Parliament, and I hope to outline in the next few moments why I say that. I would have to acknowledge, being a member who represents agricultural industry, that a port is the most important part of the agricultural system. This country exports the great majority of its produce, and that can be done only through the port system. So the port and the actions that take place in it are probably the catalyst around which our export industry revolves because if anything goes wrong at the port, the industry will come to a standstill; and we have seen that happen many times.

There is no question that ports tie up a lot of dollars; there is a great amount of resources in a port. It has been adequately explained to the National Party that this Bill is designed to put ports on a commercial basis. However, I still believe that the Bill is unnecessary. If one looks at the basis on which ports operate -- and I will demonstrate this later in my speech by quoting some figures -- it is seen that most of the ports in Western Australia now operate on a very commercial basis. All this Bill does is to transfer the power and authority from local port authority boards to the Minister. I can guarantee to this Parliament that if this Bill were being debated in the Federal Parliament and that Parliament were seeking to take away from this State the authority to run those ports, all hell would break loose here; every member of this Assembly would be up in arms and talking about what a draconian piece of legislation the Federal Government was trying to bring in. That is the way I view this legislation, being a representative of country people in this Parliament. Those people can see that we are, if we support this Bill, centralising power in respect of ports with the Minister.

I believe that the port authorities around this country have done a very good job in the past few years. I acknowledge that there has been some restructuring of their operations during that time and that they probably did not operate as efficiently prior to that; but their operations are improving, which is why I see this Bill as being unnecessary. What we really need is proper management of those ports, and I believe that has been taking place. The people who manage the ports now have put them on a viable commercial footing, with a couple of exceptions. I am concerned that if the Minister of the day decided -- and this legislation would apply to any future Minister operating under this Act -- for one reason or another to set a target for a port that was unrealistic in terms of what that port could handle and what the port authority felt that it could provide, the port authority would have only one recourse, which would be to put up the charges on the produce going through that port. I want to cite the case of the Port of Albany where grain is the only product going through that port.

Albany is a very sad case in point of the sort of thing that can happen to a port. Wool used to be shipped from Albany, and live sheep and grain were exported through that port. Incoming were all the products necessary for the hinterland -- the great southern region -- to operate. Today all that goes out through the Port of Albany is grain, while a little bit of rock phosphate is imported through it. If the Minister were to set an unrealistic target for that authority, the authority would then be forced to increase the price of produce going out through that port, and we would finish up with the situation where perhaps the grain growers and Co-operative Bulk Handling Ltd would be in a position where they had to say, "Well, we just cannot economically ship grain through the Port of Albany. It is now more economical for us to take grain to Kwinana and because of lower handling costs we can ship it out through there." That would effectively close the Port of Albany; it would be finished as an exporting port. The people of the great southern should never be faced with that situation. It is not a realistic proposition to take out of the hands of the local people the authority to make those decisions. The money raised by ports through exporting should be allowed to stay exactly where it is raised -- that is, with the local people -- so it can be used for improvements that might lower the cost of exporting. If Albany were to make a sufficient profit through the efficient handling of its exports, instead of the Minister saying, "You will return to the Government a certain amount of that money", the port authority could put that money into better facilities, which would allow the port to handle grain at an even lower cost. This would give a better return to the pockets of the grain growers of the great southern.

I acknowledge, as is indicated in the Bill, that ports must be self-sufficient in some ways. However, it is interesting to note that one port which is not self-sufficient is the Port of Fremantle, which last year showed a net loss of nearly \$1 million.

Mr Troy: What were the trends there? Pretty good.

Mr HOUSE: The trends indicate that the port went from a profit in 1981-82 to a loss in 1985-86. If that is the trend the Minister is talking about, it clearly supports my point.

Any aim for long-term self-sufficiency is quite realistic. If the Minister can demonstrate to me that the Port of Fremantle can continue to sustain long-term profit rather than show a loss, as it has for the last four years, I will be happy to listen to his arguments when he replies to the second reading speeches. However I can only go on the figures provided to me, which demonstrate that the Port of Fremantle has shown a loss for the last four years, and that the loss last year was nearly \$1 million.

I am concerned at the need for ports to compile assets through their export of produce, and to upgrade their facilities and provide for future expenditure. As I read the Bill, if ports are not allowed to do that, the day will come when their facilities deteriorate and they will have to go cap-in-hand to the Minister of the day to ask for more funds to spend on the port. That should not be necessary, and it certainly would not be necessary if the trends of greater efficiency continue where these ports continue to show a profit. As I said, of the ports of Albany, Bunbury, Esperance, Fremantle, Geraldton and Port Hedland, the only one which has shown a loss is the Port of Fremantle.

I do not see anything wrong with what we have now. That is why I think the Bill is absolutely unnecessary. We now have a fairly efficient system that may be able to demonstrate that it is on an upwards trend, where ports are starting to show profits. If that is the case, I cannot see any good reason for supporting this Bill. All we are doing with this Bill is allowing the Minister to ask for more. The Minister can go to those ports and force them into a position where they must go to the people who use the ports -- in the case of the Port of Albany, the grain growers -- and ask for a higher cost of export of the tonnes of produce that go through those ports. I cannot see how any Minister or any Government can set a specific target for these ports to head for. The Government can set a target in March for grain -- and not a grain of wheat or any other crop is sown in this State by March -- but should there be a disastrous season in the catchment area of that port, the result will be that the target is not even halfway met. I do not see that as being a realistic way around what the Minister seems to think is a problem. Some services need to be provided by Government. There will be times when, by natural effects of the seasons, these ports run at a loss. That is exactly what Governments are for. This country still relies on exports for the major part of its income. There is no way in the wide world that the manufacturing industry or the new technological age will support this country in the short term. We are still very reliant on the

export dollars earned by the wheat, wool and mining industries. All this Bill provides is a source of revenue for the Government. Once again it indicates that the Government is taking things away from people in the country -- in this case dollars -- and transferring them to the city where they will be spent on the losses incurred in the social welfare programmes on which this country is starting to live. We simply cannot afford that drain in exports from the country to continue. I, for one, cannot sit by and allow this legislation to go through this House without making the point that I think the legislation is absolutely unnecessary. Our ports are run on a very efficient basis now, and I cannot see that any interference from this Minister -- and I stress I am not talking about him personally; I am talking about any Minister who might administer this legislation in the future -- will improve that situation.

The National Party strongly opposes this Bill.

MR COURT (Nedlands -- Deputy Leader of the Opposition) [4.17 pm]: Concern has been expressed to me by certain groups in the Pilbara region about the effects this legislation will have on the ports there, and in particular the additional costs that could be imposed on products being exported from those ports. The member for Mt Lawley, who is handling this legislation for the Opposition, asked the Minister about the input that the different port authorities had into the framing of the legislation. I am advised that they have had some knowledge of the legislation for some time, but did not have a great deal of input into it. I would like the Minister to further explain to me the question of dividends charged on the capital of the port authorities. The port in Port Hedland is very sophisticated and was built by the private sector; it comes under the Port Hedland Port Authority. The assets of that port are worth, say, \$100 million and the dividend to be paid by that port authority is then determined by the Minister. Further down the road, there is Cape Lambert and Dampier which as yet do not have separate port authorities. What will the situation there be? Will the Port Hedland port have to pay higher charges when the competing ports nearby pay last year's rate for the same product, iron ore?

Included in the legislation is a formula to be used to calculate the dividend to be paid each financial year by a port authority. The formula is "A minus L", where "A" is the written-down current cost of the assets of the authority, and "L" is its liabilities. I ask the Minister how one determines the base on which the dividend will be charged in the different ports, especially those ports in the Pilbara.

Mr Troy: Did you read the second reading speech?

Mr COURT: Yes, I did.

Mr Troy: It is there.

Mr COURT: There is a lot of leeway as to how the different valuations are determined. It is one thing to talk about the State's equity, but how long ago was the Port Hedland Port Authority established as a separate body?

Mr Troy: It has been in operation for a number of years. As you well know your father was closely involved with it.

Mr COURT: I would like the Minister to explain the variations with regard to the different ports. The Lambert and Dampier ports are not yet established as separate port authorities and I wonder how they will compare with the existing authorities.

At the end of the day the Government must ensure that it is not putting an unnecessary burden on our export industries. The iron ore industry is the industry to which we are referring in this legislation and already it is up against fierce competition from other countries. One has only to look at the operation of competing ports such as Carajas, Tubaroa and San Luis to realise the sort of competition we are up against. The last thing we want is an unnecessary burden placed on an industry which already works to such fine margins. The concern I always have in these situations is that the formula is worked out, the basis on which the dividend is to be charged is established and that is just the beginning. The rates are increased and it becomes a convenient milch cow, particularly in those industries which involve a lot of bulk commodities and the port facilities, which have been provided primarily by the private sector, become very expensive.

MR TROY (Mundaring -- Minister for Transport) [4.22 pm]: I am pleased with the support this Bill has received from one of the Opposition parties. The general thrust of the Bill was

clearly identified in the second reading speech. This Government has a particular objective and philosophy towards the operations of ports in this State. It is pleasing to see that the general thrust of this legislation is in step with the Opposition's philosophy which was outlined by the Opposition spokesman for transport.

The Government values, to a great degree, the autonomy of port authorities in this State. Since the Government has been in office it has given its full support for autonomous port operations. It believes that the success it has had in terms of port operations has been of benefit in addressing a number of concerns. I refer particularly to the Port of Albany which was referred to by the member for Katanning-Roe. It was faced with the history of some rather unfortunate investments simply because it did not have the appropriate financial guidelines in place when the decisions were made. The Government believes in placing a heavy responsibility on the local management groups of the port authorities with regional interests being kept to the forefront. It is appropriate that certain guidelines be given to the authorities in terms of financial performance and that is what this Bill is addressing.

There are two elements in the financial targets outlined in the Bill. One is the return on assets which really is an internal guideline for each authority. The authority may have accumulated the assets from State origins or from investments made by operating companies. Quite clearly there is an obligation, in terms of their financial management, to take the total asset into account. The second financial target is one of dividends. I will refer to that shortly, but the State equity basis for the expression of dividend will exclude any assets clearly given to the authority by a port user. The principles relating to this were adequately explained in the second reading speech. The Government has established, in consultation with the port authorities, a set of guidelines to determine the State's equity, and it has been agreed to by all of them. It does take into account the Deputy Leader of the Opposition's concern about the differences between the ports. While a number of the ports heavily favour a single commodity -- from iron ore in Port Hedland and to wheat in Albany -- there is a whole range of differences in their history, the present trading position and other characteristics which must be taken into account in regard to the individual targets of each port.

The Government's intention in this legislation is to encourage the port authorities to work towards an end of year profit by removing the provision that such surpluses be placed in the Consolidated Revenue Fund. I am sure that will provide a tremendous incentive to each of the port authorities to strive towards that sort of financial target.

The question of ministerial discretion ties up a number of options that exist in the Bill. There has been no escalation in ministerial powers above some of the existing Acts, but the Bill does unify that process. It is not the Government's intention to bear down heavily in that regard. The Opposition spokesman was seeking some guarantee from me in that area. I can certainly give the guarantee that the Government will not unnecessarily interfere with the operations of port authorities. It simply believes that it is good management to give some direction to a subordinate group in terms of the performance the Government is expecting from it. That is the Government's intention in that direction.

The port authority boards will be asked to consider the capital investment they are seeking to make in respect of their port. The onus for the performance of their respective ports will rest heavily on them and they should be able to make some return on the servicing of the financial commitments in providing capital to undertake that asset development. That basis is appropriate, because funds are limited. It is a highly capital-intensive developmental area, and appropriate checks and balances should be made on that investment decision to ensure that the ports are enhanced by any decision which favours capital investment in those ports.

I wish to take a moment or two to mention the matter of the State's equity. In the second reading speech the State equity was described as being "those commercial assets either vested in a port authority by the State, or acquired for a consideration, less relevant liabilities." In other words, that is a return to the situation where the State equity basis will take account of assets from quarters other than the State. In striking that dividend it would be inappropriate to level it across the total asset accumulation if the State has had not a part in it. Clearly, the possibility of a return on the State's investment is to be considered in the target figure for the dividend.

Some port authorities have a debt problem, and where this problem exists there should be a

contra-arrangement in terms of debt servicing rather than our striking a dividend. In essence, however, a figure provides a target for the port authority to strive towards in achieving an effective financial performance. The overall Government policy is for port authorities to pursue financial self-sufficiency. The Bill expresses this policy. The Bill is asking port authorities to meet their liabilities wherever possible, pay any dividend to the State equity as I have just outlined, or fund all or part of any future capital investment.

Clearly some of those capital investments will cut across other decisions of State in terms of our promoting new industry. I note the Leader of the Opposition's concern about some of our export industries and the assurance he seeks that we would not be placing unfair imposts on them. Clearly, the ports are the lifeline of our export potential in this country, and we would recognise that fact when establishing any target figures. There is a need for guidelines to set out the differences between ports.

Part of this contra-deal with port autonomy is the removal of the powers available to the Treasurer to appropriate end of year profit or surplus. As I have already indicated to the House, Government policy gives a firm indication of this, and considerable incentive to each port authority to pursue effective management and financial practices in their area.

The Bill also takes account of the fact that industries which have a major bearing on exports may have agreements such as that which exists with the iron ore companies. The Bill will protect those agreements. Any decision to be made about the targets of port authorities, would take account of those earlier agreements between the authorities and the State.

I have already touched on the flexibility of port targets. I had said that we recognise the differences between ports in terms of historical factors, earlier capital investment, the current trading position, and the volatility of the export market. We have offered further flexibility in the form of making adjustments to these targets during the course of the year. There is no better example of this than Albany this year. The budget for Albany was brought down in anticipation of a certain level of grain exports from that port, prior to the drought in that area. Quite clearly adjustments in the figures for that port should now be made to take account of the drought.

The process of consultation was referred to by members opposite. I want to underline detail concerning this process. Some months ago I was involved in a port authority conference in Geraldton where this matter was raised. A series of meetings took place between the Department of Transport and the port authorities, as a result of which a subcommittee was formed on which each of the port authorities was represented. That subcommittee, which included representatives of the Department of Transport, established a set of guidelines for asset determination.

In addition, I have visited a number of individual port authorities, accompanied by people from the Department of Transport, and discussed these principles. Some concern was expressed, until it was realised that the Government was fully conscious of the variations from port to port, and that there would not be a single figure imposed on them as a State-wide target.

In more recent times people in Port Hedland have expressed concern, and we have addressed that problem again today. That was a case of oversight concerning the guarantees that were placed before participants at those meetings, and they are much happier about the process that we have now outlined to them. They are quite parochial in matters addressing their port, and so they should be; but general principles on a broader State-wide basis have emerged with this Bill, and it is appropriate that we set targets accordingly.

The Opposition spokesman on transport referred to a model that has been developed in Australia as part of a United Nations exercise for the Pacific region, from which will emerge a set of guidelines for port authorities. The elements of this Bill accord with that process. We are pleased to be making a substantial contribution to that United Nations group. Certainly our experience and direction here in Western Australia has had a major bearing on what is emerging from that United Nations project.

I touched on the question of asset valuation, and I have indicated that there is now a set of guidelines agreed to by all parties. The Bill covers that on page four. I mentioned in my second reading speech that the development of those guidelines was under way, and since the speech was prepared we have reached agreement between the parties. There was some

reference as to whether the State intended to apply these financial guidelines to other authorities. Quite clearly the answer to that is yes, particularly in the transport area, which comprise so many of our trading agencies, including Westrail. A lot of work has been done with Westrail, and there is more to come, but the principle has much wider application than port authorities alone, and we will continue to pursue it. The Department of Transport has clearly underlined the Government's policy on the need for justifying increased charges. We have not always accepted the charges brought down by the port authorities. During my brief time in the Ministry there were a number of instances where we did not accept the recommendations of port authorities, and we lowered those port charges accordingly in recognition of, particularly, the grain industry, and its difficult position in the world market. It is not necessarily always the case that local authorities are pitching to the lower level. There is a need for some sort of independent ability to intervene in those circumstances, face the broader perspective, and coordinate from one end of the State to the other.

Mr House: If there were a higher export price for grain per tonne, would you accept it?

Mr TROY: I can explain that, but I do not intend to at this stage. I can give an undertaking that we do intrude on those circumstances.

Mr House: You made the point that this is contrary to what I was saying, but you cannot back it up.

Mr TROY: I do not believe I have to. The member can either accept that from me or not, but those are the circumstances.

Mr House: It might not be correct.

Mr TROY: I found most intriguing the point raised by the member for Katanning-Roe with regard to needing good management in ports. He suggested good management was needed in ports, but at the same time all financial targets should be removed. I find that totally inconsistent. It reminds me of the days when Doug Anthony and his cohorts in the National Party and the Country Party had a finger in national economics. Thank God those days have gone. The member for Katanning-Roe's points are totally inappropriate. Good management includes good financial management, and this Bill addresses that circumstance. I have indicated the flexibility of seasonal adjustments where adverse circumstances arise, but that is not a reason for never setting targets. The wheat industry itself sets targets quite early when determining how many acres will be planted in the first instance. The member for Katanning-Roe suggests that target-setting like that is inappropriate. I find that quite inconsistent.

This Bill addresses very clearly the Government's intention in this area. I thank members on the Opposition benches who support the Government in this initiative. I believe the Bill will provide the legislative framework for a whole new era in port authority financial administration. I believe it has the potential to generate significant infrastructure utilisation from port to port.

I find quite incomprehensible the parochial attitudes that reserve funds can be built up in one area for some time when they might be needed. If reserve funds have any capability, they should be put back into use. I say that, recognising that where there is a long-term objective for the port, it should be allowed to accumulate funds, but not for the sake of accumulating them and for no other reason. Quite clearly the Government would be looking at that accumulation in those circumstances being better utilised. In doing that we recognise the genuine situation of harbour deepening and those enhancements which are necessary as part of a port development programme. The appropriate reserve accounts should be available to do it.

I commend the Bill to the House and seek support from all members on the Opposition benches.

Question put and a division taken with the following result --

Ayes (35)

Dr Alexander
Mrs Beggs
Mr Bertram
Mr Blaikie
Mr Bradshaw
Mr Brian Burke
Mr Carr
Mr Cash
Mr Clarke

Mr Crane
Mr Donovan
Dr Gallop
Mr Grayden
Mr Greig
Mr Grill
Mr Hassell
Mrs Henderson
Mr Gordon Hill

Mr Hodge
Mr Tom Jones
Mr MacKinnon
Mr Marlborough
Mr Read
Mr Rushton
Mr D.L. Smith
Mr P.J. Smith
Mr Thomas

Mr Thompson
Mr Troy
Mr Tubby
Mrs Watkins
Dr Watson
Mr Williams
Mr Wilson
Mrs Buchanan (*Teller*)

Noes (5)

Mr Cowan
Mr Stephens

Mr Trenorden
Mr Wiese

Mr House
(*Teller*)

Pair

Aye
Mr Taylor

No
Mr Schell

Question thus passed.

Bill read a second time.

In Committee

The Deputy Chairman of Committees (Mrs Henderson) in the Chair; Mr Troy (Minister for Transport) in charge of the Bill.

Clauses 1 to 3 put and passed.

Clause 4: Section 22 amended --

Mr CASH: Clause 4 deals with section 22 of the Albany Port Authority Act and is intended to add the following words --

Subject to any direction given by the Minister under section 28A, the

Section 22 of the principal Act says --

The Port Authority shall have the exclusive control of the port, and shall be charged with the maintenance and preservation of all property vested in it under this Act.

That is a substantial change, which comes back to the earlier reservation I expressed for some parts of this Bill. I said that the Opposition in general terms was prepared to support those principles behind the Bill that were aimed at financial accountability and increased managerial efficiency. However, in respect of changing the situation of control I expressed a reservation, which is shared by many people who currently are on the various management committees of the port authorities throughout Western Australia.

This clause in effect is saying that in the past the port authorities have had the exclusive control of their respective ports and the general maintenance of all property vested in them. This proposed section significantly changes that situation by making the Minister the person who has absolute control inasmuch as he may now direct the port authorities as to what they may do.

It must be understood that clause 4 is affected by clause 6. Clause 6 will insert a new section 28A after section 28 of the principal Act, and is as follows --

28A. The Minister may from time to time give directions to the Port Authority with respect to the performance of its functions, either generally or with respect to a particular matter, and the Port Authority shall give effect to those directions."

So clauses 4 and 6 are tying-in the authority that is now to be vested in the Minister to give directions to the port authorities. As I have said, the Opposition is not happy with that area of the Bill, having regard to the historic arrangement in Western Australia where it has been generally conceded by the Minister that most port authorities have worked particularly hard for many years in the interests of their regions and the State generally.

The Opposition supports the Bill, but has these reservations. It would not be appropriate for us to oppose the change in the vesting of this authority in the Minister for to do so would not allow the Minister later on in this Bill to be in a position to direct a particular financial target that was to be aimed for -- and hopefully achieved -- by port authorities in Western Australia. It would also not allow the Minister to determine a particular dividend that has to be paid in any given year. So while we are not happy with the Minister gaining all-encompassing power over port authorities, we recognise that there is a need for the Minister to be able to exercise a degree of power if we are to get some additional financial accountability.

I rely on the support that has been tendered throughout Western Australia by people who have been closely connected with port authorities, and while they have the same reservations I have expressed, they are prepared to accept in broad terms the need for the Minister to have that authority, recognising the general principles of this Bill.

Mr TROY: The point made by the Opposition spokesman on transport is one that I touched on in my second reading response. This Government has a track record in office of being a great proponent of autonomous port operations. We believe this particular proposal, which will increase the power of the Minister to direct in a number of port authorities, has already been under consideration by this House when the Dampier Port Authority Act was passed. That Act was similar to those provisions that are now being addressed in this Bill.

This clause does nothing more than provide essential provisions whereby the Government has the ultimate responsibility and therefore should have ultimate control in this area. In saying I underline the point that it is a very rare circumstance -- certainly not one that has been experienced in my time -- where there has been any great difference between what the port authorities are doing and what is the Government's broad policy towards them. I believe that these situations will not emerge if we have a good working relationship between Governments in recognising the role of those port authorities and specifically their role of addressing the particular needs of their regional areas.

There has been an historical tendency -- and this goes back before our time in Government -- to accumulate certain reserves without any justification. We are saying that we will not permit that to occur and that that is quite unfair for the users of the port at the time. As an example, we might get an over-exuberant port authority that wants to pursue that avenue again. We are saying that with this provision we can bring that into the appropriate direction, and I do not anticipate any great problem in that approach.

Clause put and passed.

Clause 5: Section 26A inserted --

Mr CASH: Clause 5 deals with an intended addition to section 26 of the principal Act to insert new section 26A, which will require capital expenditure in future to be in the financial interests of the port authority. New clause 26A reads --

26A. Before incurring any capital expenditure the Port Authority shall consider whether the expenditure is in the financial interest of the Port Authority.

If one read that without having some knowledge of the historic situation in respect of port authorities, one would be inclined to the view that there had been some dramatic capital expenditure that had not been necessarily in the interest of the port authority, or perhaps even in the interest of the State. We are amending Acts covering six different port authorities, but it should not be assumed by anyone that all of those six port authorities have been guilty at some stage of capital expenditure which could not be justified one way or another. However, it is fair to say that there is a need for the general capital expenditure of port authorities to be rationalised having regard to the facilities that can be provided by other ports.

My understanding of this clause is that it will enable the Minister to determine -- in consultation with the port authority -- whether particular capital expenditure is in the interest not only of a particular port authority but also of the general region. I hope this does not undermine the important managerial role of the individual port authorities, which obviously are able to contribute local knowledge and local management skills to their particular ports. However, I recognise that in some cases there is a need for an overview to be taken of capital expenditure, and so long as it is fairly discussed with the port authorities that are affected, I see no problem with this clause. However, if we find that this Bill does not do the various things that have been explained by the Minister and by his advisers behind the Chair, the

Opposition would have no compunction whatsoever in bringing forward amendments that gave the port authorities once again the authority they currently have.

Mr TROY: The Government has quite an open mind about this sort of further amendment. It is in the Government's interests to make sure the port authorities work, and work well. However, I underline the fact that we have come across some sort of history of port investment, where perhaps it is not the principle involved, where a decision made some time ago in Albany left them with a very significant debt structure which it had little ability to service in the circumstances. This Government gave that authority an incentive to operate much more effectively. In fact we were responsible for relieving them quite significantly of that debt service and commitment.

It is rather interesting to look at the figures on the port authorities. I draw this comparison with the two spot figures taken by the member for Katanning-Roe with regard to Fremantle. In the case of Albany, for example, we have seen a net losses from 1981-1982 to 1983-1984 being turned around substantially. Reports are publicly available for the two years subsequent to that, and indicate that same trend for the 1986-87 results. I think the report was tabled quite recently and showed that a significant surplus has emerged in that time.

All the Government is doing is giving due power to the situation where we need to keep a flexible mind and at the same time give autonomy to the ports. I thank the Opposition spokesman for his support of this principle.

Clause put and passed.

Clause 6 put and passed.

Clause 7: Sections 53A, 53B and 53C inserted --

Mr CASH: Clause 7 deals with the annual financial target and the payment of a dividend to the State. I suggested earlier that this was the crux of the Bill.

The Deputy Leader of the Opposition, before he was required to leave the Chamber, mentioned that he was concerned at the method of valuation to be used, in particular for the Port of Port Hedland, where some fairly big private companies and other user groups have made substantial financial contributions to the equipment presently used in that port. In his second reading speech the Minister made some reference to this and it is my understanding that even more discussions than may have been suggested earlier might have occurred with people in the Port Hedland area. For the record and on behalf of the Deputy Leader of the Opposition, who cannot be in the Chamber at this time, I would be very pleased if the Minister would just run through that asset revaluation for Port Hedland and refer in general to the formula that is to be used.

I must say that while clause 7(6) talks about the formula to determine the State's equity I am still unable completely to follow just how that formula is to be worked out and whether equipment that might have been purchased with private or user groups' funds in the past will now, because of a historical situation, pass over and be seen to be something that is in the ownership of the port and therefore perhaps funded at some stage by the State.

Mr TROY: The circumstances at Port Hedland have probably given that port authority a little more concern than any of the others. I took the opportunity today to speak again with the Chairman of the Port Hedland Port Authority, realising that he still had one or two concerns. I found that, in expressing those concerns, he had overlooked a commitment I had made to him earlier on dividend payment and where it actually applied.

The concern he had was really in addressing the question of a dividend on total assets rather than just that component to which the State had contributed in that equity determination. I was able to reassure him that it was simply the State's equity that would be applied against, the State's equity being not only that direct contribution from the State but also an asset build-up that might have been provided by a consideration by the State towards some agreement. In the case of Port Hedland that matter is still subject to the complete identification of some of the historical emergence of facilities and assets within that port.

However, there are guidelines between the parties in the administration of asset valuation and guidelines for use in financial targeting, of which I do not have the final draft. As soon as the later draft is completed, and I think it is in the process of being typed, I would be quite happy to make that available to the Opposition. In the meantime I can give a guarantee that

the elements of concern on the formula and identifying the assets and the State equity to the application of dividend are covered by that document and it will remove any doubt which could subsequently arise simply on some verbal understanding that would otherwise be there.

Clause put and passed.

Clause 8: Section 54I repealed and a section substituted --

Mr CASH: For the benefit of members, who would realise there are 38 clauses in this Bill, it is certainly not my intention to speak to each one. As I said earlier, we are amending six different port authority Acts. This is the last clause that deals with the Albany Port Authority Act and in general terms it replaces old section 54I, which enabled the Treasurer to claim any profit that a port authority made for a year and require it to be paid into the Consolidated Revenue Fund. That section is being repealed and a new section added which generally deals with financial self-sufficiency. It is necessary in the terms that have already been discussed and the Opposition has no objection to this clause.

There is really nothing for the Opposition to raise in any of the other clauses that now will be put before the Committee because they deal with the specific port authorities mentioned earlier, but are basically the same as those we discussed concerning the Albany Port Authority Act.

Mr TROY: I thank the Opposition for its support. As I indicated, this was one of the benefits and enhancements of the autonomy provisions in the legislation, to give residual funds the capability of being retained by the individual port authorities so as to encourage them to perform somewhat better than their annual targets.

Clause put and passed.

Clauses 9 to 38 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Mr Troy (Minister for Transport), and transmitted to the Council.

FISHERIES AMENDMENT BILL (No 2)

Second Reading

Debate resumed from 17 November.

MR CRANE (Moore) [5.10 pm]: I would like to make a couple of observations in supporting this Bill, one of which is causing members on this side and members of the public some concern. We are dealing principally with a new industry in this State, fish farming, and I believe it has tremendous potential. We are very happy to support any legislation which can assist the commercial farming of fish. A fish farming legislative review committee has been established and has come forward with some recommendations, and that is the reason this legislation is before us.

Western Australia is unique because it is the only place in the world where marron are taken in the wild. There is a minimum allowable size for marron, which is a carapace measurement of 77 mm or a minimum weight of 120 grams. Marron cannot be sold commercially when caught in the wild, and the object of this legislation is to allow marron to be farmed commercially and sold to restaurants or wherever there is a demand. The point of concern is that this Bill will make provision for undersized marron, if that is the right word to use, to be sold commercially. When I say "undersized" I mean a size smaller than that which is permitted to be taken from streams in the wild.

This concerns a number of people, and no doubt all members of Parliament have received a circular letter written on 8 October and signed by four people -- Mr Riley, W. Smith, R. Earl, and W. Jack -- expressing concern about this part of the legislation. They say in one paragraph of the letter that fishing pressures, along with poor rainfall, inadequate inspection and policing, deteriorating food chains and a thriving black market have been responsible for

all-time low stocks, and that this is validated by all available research data. I cannot verify the accuracy of that statement, but the Minister might refer to it in his reply. We would like some assurance from him on this point. In all fairness to these people we should discuss their claims in Parliament while we are dealing with this Bill.

I suppose there are three types of people in this world, honest people, dishonest people and extreme rogues. People being what they are, some will endeavour to catch marron from the streams and market them through the chains which have been established for the commercial marketing of marron. We are told that for the farming of commercial marron to be profitable it will be necessary for the farms to be able to market smaller marron than are permitted to be taken from the streams. I have been told there are two reasons for this: Firstly, because the market requires smaller marron for table purposes and, secondly, because of the commercial viability of the operation.

When marron are grown commercially they need to be fed, as do any animals in commercial production, and the cost of taking them from the smaller size at which they want to market them to the size at which they can legally be caught is an added expense which would make the operation unprofitable. I would like the Minister to elaborate on that point, but I understand it to be the case. As a practising farmer I know that in pig farming the cost of taking a pig from a porker to a baconer, which is the equivalent of what we are talking about, can involve considerable feed costs, so I believe these people have a legitimate argument.

We need an assurance from the Minister that there will be a review of this legislation. No doubt he will have reports on the matters to which I referred -- the undersized marron which will be marketed and whether any people try to enter into a black market arrangement by catching marron in streams and putting them through the channels. I am not satisfied that the present policing arrangements will be sufficient, but perhaps the Minister has reasons for believing they are.

Perhaps those people who are going to farm the marron have explained to some members of Parliament the cost of taking marron to the larger size. It has not been explained to me, and I would be interested to visit a marron farm and learn at first hand about all these matters which probably are true. I know from my own experience in animal breeding that this is an area we must be sure of today. I hope the Minister will keep a close eye on this matter and seek reports from his department. Because we are breaking new ground perhaps it would be advisable for this legislation to be reviewed in 12 or 18 months' time so that we can see whether everything is going well and whether there needs to be fine tuning.

Another area in the legislation to which the Liberal Party is opposed is the minimum fine, but it strongly supports the high maximum fine. The Opposition believes that the courts should be responsible for making a judgment on the level of the fine, because it is only in the courts that all the circumstances which brought about the particular litigation are really known. Some people may have innocently erred in some way and, in many instances, the minimum fine is very severe. For that reason the Opposition is concerned with this part of the legislation and it opposes the proposed minimum fines.

The penalties for taking undersized marron, marron in spawn, or out of season are to be increased to those penalties applicable to the rock lobster industry, which industry is a good yardstick to follow in this instance. That industry gives the parameters in which to operate and the Opposition has no concern about it.

The legislation refers also to the abalone fishery and it is proposed that recreational abalone fishing be restricted to weekends, public holidays and the period between Christmas and New Year. There are good reasons for protecting the abalone industry and there is a great deal of logic in the Government's suggestion. However, there is one area in which the Opposition does not agree.

Mr Grill: The restrictions you have referred to for abalone have already been implemented by regulation.

Mr CRANE: I think that is sensible and the Opposition has no argument with it.

However, there is one comment the Opposition would like to make and which the Minister should take on board. Professional fishermen have only been allowed to fish for 15 days off metropolitan beaches. We are of the opinion that as they are professionals they can strip the beaches of fish very effectively and quickly, and it would be better if professional fishermen

were banned altogether from metropolitan beaches as from now. That is the recommendation the Opposition makes: Instead of the professional fishermen being able to fish for 15 days off metropolitan beaches, they should be banned to give a better opportunity to amateurs to take their catch and so enjoy this food which God provided for us all.

The legislation proposes to amend section 32 of the Act. The Crown Law Department found a loophole in this section of the Act and the Opposition agrees with the proposed amendment. Recreational fishermen are restricted in the number of fish which they can take and, if they breach this section of the Act, they can lose their boats and gear if the circumstances are serious enough. With regard to professional fishermen the same will apply on the second offence. That is reasonable and the laws have to be fairly stringent if we are to deal with people who can at times be very shrewd. The Opposition has no serious objection, only a disappointment that it is necessary to be so tough in some areas.

The legislation proposes that a fee be charged for the transfer of a fishing boat licence from one person to another, and the Opposition cannot see anything wrong with that requirement. A cost is involved as is a certain amount of paperwork, and people have to be employed to do these things. Therefore, a reasonable charge, as long as it is reasonable, is in order.

In summary the Opposition believes that the minimum penalties should be deleted and that professional fishermen should be banned from fishing off all metropolitan beaches. I have expressed the Opposition's concern at the reduction in the size of marron which can be marketed. I am sure the Minister will give a satisfactory explanation in this regard, but it is of extreme concern to the Opposition. With those comments, I support the legislation.

MR GRAYDEN (South Perth) [5.25 pm]: I have no doubt that the Minister introduced this Bill with the best of intentions, but I am afraid that in doing so he has opened up a veritable Pandora's box which could gravely threaten the marron recreational fishery.

Three aspects of the Bill concern me. First, I am concerned about the amendments which the Minister has put forward concerning the marron fishery which places it on the same basis as the rock lobster commercial fishery. The rock lobster fishery in Western Australia is, of course, extraordinarily important. Huge sums of money are invested in it and it returns a tremendous amount of export income. However, the marron fishery is a recreational fishery and some 25 000 licences are granted each year. Every licence costs the applicant \$7. In other words, the Government is receiving approximately \$175 000 annually from 25 000 amateur fishermen throughout Western Australia in order, in some cases, that once or twice a year they can engage in the sport of fishing for marron.

As a consequence of the marron farms which have been set up in Western Australia being unviable under the present rules and regulations, this recreational fishery will be placed on the same basis as the rock lobster fishery and that will have all sorts of effects on individuals in this State.

At present, if people fish for marron they are subject to certain penalties if they breach the regulations. For example, under the existing legislation if a person takes undersized marron the minimum penalty is \$50 and the maximum penalty is \$100 for the first offence, and for the second offence the minimum penalty is \$100 and the maximum penalty is \$750. Under this legislation the penalties will be increased. The increases are high because the Minister wants them to be applicable to those who are engaged in marron farming or aquaculture, but they will be equally applicable to the ordinary person who may offend somewhere along the line. The increases are substantial and the maximum penalty for a first offence is \$250, \$500 for a second offence and \$1 500 for a third offence. If more than five per cent of a person's marron catch is undersized the maximum penalties will be \$500 for the first offence, \$1 000 for the second offence and \$2 500 for the third offence. If the marron are in spawn or have larvae or small marron attached to them, additional penalties will be applied; that is, a maximum \$25 for each marron involved.

[Leave granted for the member to continue his speech at a later stage of the sitting.]

Debate thus adjourned.

[Questions taken.]

Sitting suspended from 6.00 to 7.15 pm

MOTOR VEHICLE (THIRD PARTY INSURANCE) AMENDMENT BILL*Second Reading*

Debate resumed from 12 November.

MR GREIG (Darling Range) [7.16 pm]: This Bill is in essence quite simple. The propositions put forward by the Deputy Premier in his second reading speech may be divided into three broad areas. First, the Deputy Premier stated that the decision in the Dickinson case in the High Court of Australia changed the course of case law in the interpretation of third party motor vehicle insurance; the floodgates had opened, initiating change. Members need to question whether this is true and whether the Deputy Premier has been correctly advised in that matter. The Bill is designed to outlaw future claims, and to that extent it addresses itself to the area in question and to retrospectivity. Thirdly, the Bill seeks as an ongoing objective to minimise what could be ostensibly called a Government tax or charge in the form of compulsory third party insurance. In dealing with these three items, I foreshadow amendments that the Opposition will be seeking.

In his second reading speech the Deputy Premier stated that the Dickinson case decision has opened up the floodgates for the entitlement of persons injured in stationary vehicles to recover damages from the State Government Insurance Commission; by way of example, the loading and unloading of goods-carrying motor vehicles which in ordinary circumstances would be subject to workers' compensation claims. The Opposition suggests that there has been some misunderstanding of the way case law was flowing. The High Court of Australia decision simply reflects the attitude which has prevailed since about 1960 in cases which have been before the High Court. Most legal practitioners in this area would have regarded the decision as just another decision where the term "use of a motor vehicle" had been extended beyond the mere driving of the vehicle.

I refer the House to six cases which have been before the High Court since 1960. The Dickinson case was one where the driver of the vehicle had parked the car to do some shopping and had left two children in the car -- one a four-year-old and another 18 months old. The four-year-old found a box of matches, and set the car alight. The four-year-old was able to get out but the baby was severely burned. Subsequently, the baby was able to sue the father for negligence and liability was covered under motor vehicle third party insurance. The matter was upheld in the first case; dismissed by the Supreme Court of Western Australia; but upheld by the High Court of Australia. This was a threshold case.

Six landmark cases have been to the High Court. I will refer to three, one each from New South Wales, South Australia and Western Australia. In each case, the description used for liability in the Western Australian Act lays down the terms which can be used; that is, an accident caused by or arising out of the use of a motor vehicle. Those words are common in the relevant motor vehicle insurance Acts of New South Wales and South Australia, so when the High Court dealt with these cases it dealt with like provisions.

In the first case I will refer to, which is generally called *Fawcett v BHP By-Products Pty Ltd*, and which is reported in the 1960 *Commonwealth Law Reports*, volume 104, page 80, it states --

The Third-Party insurance policy was issued to the owner in respect of a Caldwell mechanical loader, being a tractor upon which there has been mounted a bucket or grab which can pick up material from a heap in front of the tractor, travel along rails above the head of the operator to the rear of the tractor and deposit its load there, usually in a truck or some other container, for removal. When being used in this manner, the vehicle moves forward towards the heap and backwards towards the truck, as required. While the loader was being so used, the bucket jammed after its contents had been ejected and the driver operator was injured when the bucket fell on him as he attempted to free it.

That case was challenged and it was upheld under those words, "caused by or arising out of the use of the motor vehicle."

The second case to which I refer was in 1966 and involved the Government Insurance Office of New South Wales v *R.G. Green and Lloyd Pty Ltd*. It is found in the *Commonwealth Law Reports*, volume 114, page 437. In Green's case the workmen were engaged in loading a building hoist onto the tray of a stationary table-top truck. A rope was attached to the top

end of the hoist and passed around the board forming part of the framework of the truck body at the rear of the driver's cabin. By means of this rope the hoist was drawn partly over the tray of the truck when the base of the hoist in which there were two wheels was placed on planks and attempts were made to slide the hoist up those planks and onto the tray, while the top end was held to the front of the truck by means of a rope. While that operation was in progress the hoist slewed and fell, injuring one of the workmen. The employer of the workman sought indemnity from the statutory third party insurer. It was held that the injury arose out of the use of a motor vehicle under the New South Wales Act.

The last case I wish to refer to is one in South Australia involving the State Government Insurance Commission and Stevens Brothers Pty Ltd. It is reported in *Commonwealth Law Reports* 1984, volume 154, page 552. In Stevens' case in 1984 a mobile compressor was placed on the tray of a truck and its towbar was attached to the rear of the truck to aid stability. The truck was driven under an overhead crane, so that the compressor could be lifted off the truck by means of a loop on its top. The towbar became caught on the back of the truck as a result of which a workman was injured. It was held that the injury arose out of the use of a compressor which was a motor vehicle within the terms of the policy under the South Australian Act.

The Western Australian case to which I refer occurred in 1966 and is known as *Vance v Cheynes Beach Whaling Company, Pidgeon, McKay and the Motor Vehicle Insurance Trust*. The plaintiff in this matter claimed damages for injuries sustained when a sling attached to a mobile crane came off the hook and released its load which fell and injured him. D'Arcy J. held then that the injury arose out of the use of a motor vehicle and that the employer was entitled to indemnity by the Motor Vehicle Insurance Trust.

I have referred to those cases to indicate that it is not a circumstance where the tide has changed, but rather that there has been a continuing trend -- whether that was the original intention of the Act or not -- that almost any accident associated with a motor vehicle could be sheeted back to the liability and indemnity of the Motor Vehicle Insurance Trust. To that extent we suggest to the Government that this matter has been some time coming and has not come upon us from just one particular place. In passing I quote that old adage that bad law comes from cases which are unusual or emotional and to that extent, bad case law. In this case, quite clearly a degree of emotion is attached which one would find any court would have difficulty in dealing with in an objective fashion.

It is useful to go back to the Deputy Premier's second reading speech in which he quoted from the original speech when the legislation was introduced in September 1943. I quote from that part of his remarks as follows --

The general principle laid down in the Bill is that before a licence can be issued a policy of insurance must be taken out by the owner of every motor vehicle, which will cover the legal liability of any person driving the vehicle, whether lawfully or unlawfully, in the event of death or bodily injury occurring to any third person.

To that extent these latter cases which have arisen and in which rulings have been in favour of the plaintiffs and against the various third party insurance offices have moved away from that broad and general principle. The Parliament has to come to grips with what ought to be proper law and proper protection for the rights of all parties in our society. To that extent, various clauses in the Bill seek to amend the principle Act to delete the words "caused by or arises out of the use of" a motor vehicle and substitute "directly caused by, or by the driving of," a vehicle.

The Bill also provides a definition or description for a change in the primary area of indemnity. Clause 5 amends the principle Act by adding the following new subsection (7) to section 3 --

For the purposes of this Act, the death of or bodily injury to any person shall not be taken to have been caused by a vehicle if it is not a consequence of the driving of that vehicle or of the vehicle running out of control.

That is a tight definition. Whether in those circumstances the rights of all citizens will be protected is something that we must now address. To that extent, in the second reading speech the Deputy Premier said --

This wording must be deleted from the insurance policy and the Motor Vehicle (Third Party Insurance) Act so that similar claims against the third party insurance fund of the State Government Insurance Commission will be outlawed.

In so doing, we must consider what the average citizen in our society has considered, which is that it is important for an individual in Western Australia who is injured either in a car as a passenger or outside of a car as a pedestrian or onlooker to be covered. Such an accident could occur as a result of some malfunction of either the driver or the vehicle.

In 1987 we have moved to accept the concept of no-fault third party insurance whereby the innocent victim of an accident or an occasion would have some recourse. That is different from the circumstance which existed in our society in 1943 when, generally, access to indemnity under common law was expected as the major area of recourse by citizens. I submit to the Treasurer that that is not now the case. Most citizens in our society believe that they have a right, if they are injured innocently, to recourse in one form or another and courts have awarded significant damages in those instances. It has come to the point, in our society today, where persons who are the victims of an assault have recourse to damages.

The problem that this very tight amendment to this Act is likely to cause is the possibility of a person being injured by a vehicle in one or other of those circumstances, but not in the case of a workers' compensation claim. A pedestrian may be walking down the street when a door is opened by the passenger in a motor vehicle onto the footpath and the pedestrian is injured. Under common law, that pedestrian may seek redress from either the driver or the passenger. That is all very well if we insert that change in the provisions as is being attempted by the Bill. However, it may happen that the driver in question may not have taken out any comprehensive insurance or even the second part of general motor vehicle insurance which is the third party section for property or persons, and that innocent individual who had been walking down the footpath would therefore be attempting, under common law, to seek redress from a man of straw.

To that extent, we will be submitting in the Committee stage an amendment to this provision which does not go back to the open-slathe attitude which the Bill seeks to address, but which brings us greater protection in the very narrow provisions being sought.

In conclusion, the Opposition submits an example of something that could arise. An innocent third party suffering such an injury has a right to financial protection in such an event by claiming on compulsory third party insurance subscribed to by every motorist in Western Australia. If we narrow down the area of indemnity offered by the compulsory third party insurance, those people will not have that ring of protection. I guess that really brings us to the point of what we think about when we say "third party principle" and whether we will confine third party principle or third party motor vehicle or whether we will move to wider indemnity to the extent that we will require every individual in our society to take out insurance, which most prudent people do. For instance, they attach to their housing policies public liability insurance for the milkman when he is coming up the drive and is injured and for those people who do not wish to take out comprehensive motor vehicle insurance but have the prudence to take out the second part to bring themselves third party coverage in that event.

If the Government proceeds with the tight definition that it is now pursuing in the Bill and does not accept the amendments to be put by the Opposition in good faith, we will reach a point at some time in the not too distant future when we will have to turn around and make the second part of what is now comprehensive motor vehicle insurance compulsory to protect innocent citizens in our society.

Finally, the second reading speech stated --

Government policy is to minimise future increases in compulsory third party insurance premiums.

Obviously that is a laudable approach which all members of our society would seek to have. However, in so doing, we have to consider the propriety of what is occurring. In many respects, we as a society have been given the compulsion to undertake the compulsory third party insurance for which a premium is structured. The Government now seeks to empty some of the contents from the policy. I suspect if a retailer or manufacturer were to offer a product for a price and then, in retaining the same shape and size of the package, reduced the

weight or volume of the contents, there would be cause for the invocation of consumer protection legislation, the Federal member for Canning, with his prices action group, or of our own State Price Watch organisation to publicly identify that company as offering short change. It could be even said to be false advertising.

While I am quite confident that the clear intention of the Bill and of the second reading speech was not to do that, the fact remains that, since 1960, there have been a series of cases to the High Court of Australia which have given the impression to individuals in our society that they have coverage for redress under one form or another of general insurance, motor vehicle insurance or third party or public liability insurance. This provision will leave a hole which will undoubtedly lead us to the extreme cases which have generated the Bill. The case involving the young baby being burnt is an emotionally extreme case and, as a consequence, it seems to be a landmark decision. It is an extreme point of view but if we close it too tightly we shall have the same problem. I urge the Government to give serious consideration to ensuring that it does not go too far in doing this.

In the final part of dealing with coverage, I refer the House -- if the member for Gosnells were in the Chamber I would say it to her -- to the flash floods which occurred at Westfield when most people claimed with some indignation that their comprehensive house insurance policies which they thought covered them, did not cover the flash floods. The same sort of clamouring will occur if we close this too much.

I now wish to deal with the question of cases that are in the pipeline and the retrospective provisions of this Bill. I will deal with them in more detail at a later stage, but in essence the Bill seeks to retrospectively close off any actions which are in the pipeline, save only those which have either been taken to judgment or are awaiting appeal. That brings to account those which have commenced and for which legal costs have already been incurred. It also brings to account those cases which have been standing in the wings awaiting case law. To that extent the Liberal Party is opposed to retrospectivity in this area. In attempting to deal with this area and to bring third party motor vehicle insurance back to the original intent, and make it relevant to 1987 rather than 1943, it would be right and proper to give it prospective action to take the cases in train that have an opportunity to be prosecuted under the current case law. The trend of that should be allowed to proceed and not be outlawed by this provision, and when the new definitions are accepted they should have prospective application.

The Liberal Party has placed on the Notice Paper an amendment to this provision of the Bill which will deal with the issue of retrospectivity. We urge the Government to give serious consideration to that, both on principle and on the basis of fair mindedness. The Bill is of fairly easily divided proportions and it is not my intention to detain the House any further on that matter. We will address the issue in more detail during the Committee stage.

MR TRENORDEN (Avon) [7.44 pm]: The Government seeks to close several grey areas in this legislation; basically it is a conflict between workers' compensation and third party motor vehicle claims. We recognise the difficulty the State Government Insurance Commission has in this area. We were very appreciative of the briefing given by officers of the SGIC and the open and easy manner with which they discussed those matters with us.

The Government seeks to minimise future claims and, thus, future premiums. We share the view of the Liberal Party regarding the narrowness of the definition, because it causes some concern. While we were talking to the SGIC officers at the briefing, the point was made that it is very difficult to arrive at a suitable definition. That definition has been sought by many States and we appreciate the difficulty. It was also pointed out by the SGIC officers that they had no intention of closing off several areas of claims. I wondered after the briefing -- I was not quick enough to think of it at the time -- how the auditors reviewed claims which were paid out and which did not fall within the prescribed boundaries of the legislation. That area has caused us some concern. Several discussions have been held with the member for Darling Range. In fact, the member for Darling Range is to be congratulated. At the moment he is a television star being castigated by the public for wanting to increase our wages.

Mr Thomas: That role must sit very uncomfortably with him.

Mr TRENORDEN: It surely does, and that is why he was happy to be in the Chamber

debating this Bill. He was probably too embarrassed to watch himself on television. The member for Darling Range, the Deputy Leader of the National Party and I sat down for a considerable time and earnestly looked at this problem. We are not trying to be difficult. We concede that there are problems in drawing up the definition, but we believe it is too tight and too close. That is why the member for Darling Range has proposed an amendment, which the National Party will support.

We can see the need for this legislation and the amendments because of situations in which truck drivers get out of their vehicles and damage themselves while tightening ropes or adjusting loads, and so on. Such accidents should not be a claim under motor vehicle third party insurance; they should be made under workers' compensation. The National Party is also concerned that private companies are passing obvious workers' compensation claims through to third party insurance. The Government is doing the right thing in this area and, in general terms, the National Party supports the Bill. However, it is concerned, firstly, about the tightness of the definition and, secondly, about the retrospectivity of the claims.

MR BRIAN BURKE (Balga -- Treasurer) [7.49 pm]: I thank members for their general support of the Bill, and will try in a general sense to answer the points raised. In the Government's view, the legislation is solely about the restoration of the situation that we thought applied prior to the Dickinson case. The member for Darling Range has re-presented in some detail a representation made to us by the Law Society, which representation I understand flowed from a particular source and represented quite accurately the views and the interest of that source. It is not a representation that is of itself unchallengeable.

The way in which the cases were presented in that memorandum to indicate that the Dickinson case was not a watershed but simply a continuation of a series of cases that led to a particular situation was in my view to underestimate the importance or significance of the Dickinson case. Those six cases culminating in the Dickinson case, regardless of how they are viewed, brought home to the State Government Insurance Commission a vastly changed situation that the commission could not accommodate without committing itself to significantly increased premiums for third party insurance. Whether the Dickinson case was a watershed, or whether it was simply one small step in a continuing progress that had been instituted five or six cases earlier is interesting but really not much more than that, because the situation post-Dickinson clearly was one that needed the attention of the Parliament if we were to restore the situation to that which pertained previously when we spoke about claims or injuries, or liability flowing from the use of a motor vehicle. Really, that is what this legislation is about -- restoring the situation as the Legislature understood it to be when it previously considered the question of liability arising from the use of a motor vehicle. That is what it is about and, in the cases referred to by the member for Darling Range, he built up a case that went to the dangers of trying to exclude legitimate or proper claims for liability, or claims of liability against motorists.

No-one wants to be harsh or cruel and exclude claims that are properly lodged against an insurer, but it is the case that we are talking about third party insurance and there are lots of claims for injury, damage and for all sorts of things that do not legitimately lie against a third party insurer. There are other areas in which people can pursue their rights to compensation or to damages if they suffer particular wrongs or injuries. It is quite wrong to try to expand the third party area of insurance to cover what might be compassionate circumstances and properly-pursued circumstances in other jurisdictions, and that is the problem that we confront in trying to accommodate the amendment proposed by the member for Darling Range. I am not rejecting that amendment outright, but I am saying that we are not prepared to accept it. I will refer it to the Parliamentary Draftsman and, depending upon his advice, may ask that it be accepted in another place.

I can say this about the one instance that the member for Darling Range quoted as supporting the need to broaden the definition, and that was the instance of someone opening a door and perhaps striking a child, cyclist, or pedestrian causing damage or injury to that person: I am informed that the courts have held, and the policy of the State Government Insurance Commission -- previously the MVIT -- has always been to pay those claims and to say about them that they arose from the use of a motor vehicle. Those claims have been accepted as legitimate when they have been claims against the driver, not against the passenger. I think the member for Darling Range said that there should be some claim against the passenger if an injury arose out of the passenger doing certain things that caused injury or damage to a

pedestrian or other person. There has never been, and there is no liability arising out of any of the actions of a passenger under this Act. I am told that legally the actions of the driver, if they injure someone in the manner referred to by the member for Darling Range, are held to be actions that arise out of the use of a motor vehicle and the policy of the SGIC is to pay those claims, and that will not change; so the one instance that the member quoted is accommodated by the present policy and the present legal position as it has been interpreted by the courts from time to time.

However, members should know about certain things in considering whether they want to broaden the definition -- and it is terribly difficult to obtain a definition that serves the purpose and that does not open the gates too wide, yet does not restrict legitimate claims to unrealistic breadth. Some of the matters pending include three occasions on which men have fallen from the top of a stationary truck while attempting to load it in some way or another. As a result of present difficulties, that is now thought to be a suit that should be taken against the SGIC or the third party insurer; as with an ambulance driver who hurt his back while lifting a patient out of an ambulance; a man who injured his back while lifting equipment onto a truck; and a man who was carrying a carcass in a freezer truck and dropped it on his foot when he slipped on the icy floor.

Mr Greig: They would not be included in the amendment.

Mr BRIAN BURKE: In respect of the last one -- the man in the freezer truck who slipped on the icy floor and dropped a carcass on his foot -- at present, post-Dickinson, insurers are saying to clients that they should enjoin the SGIC because post-Dickinson they might be able to successfully prosecute a case. The member should look at his amendment which refers to the parking and/or ranking of that vehicle or the entry or alighting therefrom. Consider the man carrying the carcass alighting from the vehicle with that carcass, dropping it on his foot; according to his definition, and I am not a lawyer, that man may well be eligible for some third party cover. That is one of the points that I make, because it is so difficult.

Mr Stephens: He's actually unloading.

Mr BRIAN BURKE: The member who has just interjected is not a lawyer, either, with due respect, and I am saying that up until now, and up until the High Court got its hands on Dickinson, we all thought that we knew what the situation was.

Mr Stephens: I understand the Eastern States' decisions went Dickinson's way.

Mr BRIAN BURKE: The member quoted at length a Law Society memorandum that tried to prove that point. Whether it was true, or whether it was part of an orderly process to a dramatic change or part of a dramatic change resulting from one case is really a nicety. The point is that there has been a dramatic change which has been underlined or achieved by Dickinson. All I am saying is that the Government cannot accommodate that sort of new situation unless we drastically increase MVT premiums. All that we are trying to do is restore the previous situation.

The member has given notice of a changed amendment and I am not rejecting it, but say that we need legal advice and have quoted some of the cases now pending as a result of Dickinson looking to cost the SGIC considerable sums -- which is costing all motorists considerable sums. Even with this amendment in place there might be an argument in relation to the man with the carcass who dropped it on his foot when alighting or unloading. Perhaps the court would say what the member was saying -- that he was really unloading and not alighting -- and he would say that he was unloading but was alighting with the carcass when he was unloading. I do not know. It underlines the difficulty of framing an amendment.

Mr Greig: If you keep the premiums down you will end up with increased workers' compensation premiums.

Mr BRIAN BURKE: That may or may not be true; it may be negligence, or something else, but the member cannot fix it up in the third party insurance area. The member is absolutely right, but our job tonight is not to keep workers' compensation premiums down by accepting the liability for all sorts of things that are not properly our liability. In another case a man was lifting a wooden pallet onto the tray of a motor truck; while attempting to place it on another pallet the bottom pallet slipped forward and he was injured; another man hurt his back while unloading crates from a truck; another injured his neck while lifting coils of rope

from a truck. It is a difficult situation and the one thing that is clear is that nothing is certain. We are erring, if one likes, on the side of legal advice we have received to the effect that we should not admit those sorts of claims and should be very careful in defining the use of a motor vehicle or the question of liability arising from the use of a motor vehicle. Nevertheless, we will refer the amendment to the Crown Law Department and follow the advice that we receive in relation to it. In respect of the retrospectivity argument, there is no argument because it is not retrospective at all. First of all, I am advised there is no case on which judgment has been reserved, and in any case those cases where judgment has been reserved or where an appeal is pending are excluded. So it is true that it does make a change from the date of assent to existing law; but that is the case all the time. And it is not retrospective in that it changes some decision and that is the major point.

Mr MacKinnon: But it is retrospective in that it extinguishes existing rights retrospectively.

Mr BRIAN BURKE: No, it does not. Those rights have not been established. That is the whole point. There have been no court cases and so those rights have not been established.

Mr MacKinnon: But now there can be.

Mr BRIAN BURKE: Of course there can be.

Mr MacKinnon: How can there be under this legislation?

Mr BRIAN BURKE: Because one can still take the case, but there is no established right simply because one chooses to launch a case against the MVTT, the SGIC, or someone else because one believes certain things to be true.

Mr MacKinnon: This legislation, as the Law Society reads it and as I read it -- and I am no lawyer -- retrospectively extinguishes rights.

Mr BRIAN BURKE: It does not. The most one can say is that it retrospectively extinguishes expectations. People might expect to succeed and might have an expectation extinguished, but certainly no rights are established. In particular, what we have said is that because there are cases where legal action has been initiated we will pay the costs of that legal action. We have made that clear, but no rights whatsoever are extinguished.

Mr Stephens: There could be a situation where a person had an accident a fortnight ago and has not yet initiated any action. You would be precluding that person from initiating that action.

Mr Brian Burke: No, he would be able to initiate any action he wanted to. That is the argument. But he should not be allowed to win it unless it is arising out of the use of a motor vehicle.

Mr Stephens: Their situation happened while the law was as it is. We are now changing it by action overnight. You are going to deprive them of the opportunity to take action.

Mr BRIAN BURKE: But that would occur whenever we change a law. How do we change the law?

Mr Stephens: If you allow the amendment the member has spoken of it would take effect only from any accident or situation that happened as from the coming into operation of this legislation.

Mr BRIAN BURKE: So the member would in fact say that the use of a motor vehicle meant something that we deny that it means?

Mr Stephens: No, just carrying out the Act as it is currently interpreted. That is the whole point.

Mr BRIAN BURKE: Let me put it simply. We are not prepared to accept that, because we do not accept there are any rights established simply because some lawyer or some insurance company says to a prospective client, "Come with us and what we will do is enjoin the SGIC and succeed that way. It is a workers' compensation claim; nevertheless, we will go this way." And members opposite say, "We are going to recognise that as a right." It is just not right, but that is up to members opposite. I do not agree.

I do not even agree that it is retrospective action. I do not agree that there is a confiscation of any right whatsoever because I do not believe the right is established until the action is either reserved for judgment -- even then I would argue about it, but I will accept that -- or an

appeal is pending after a judgment has been handed down. But, worse than that, I do not believe the morality of the situation is on the side of the Opposition because it is arguing for a post-Dickinson situation that we have never accepted under this law as being the proper interpretation of liability arising from the use of a motor vehicle.

Mr Stephens: The courts make that judgment.

Mr BRIAN BURKE: I think one lawyer has seen a situation, provided the minute the member quoted from copiously, and is trying to argue a case. I do not accept that he is right.

Mr Stephens: It is a different situation in the courtroom. That is why the whole thing doesn't work.

Mr BRIAN BURKE: That still does not mean that this lawyer is right.

Mr Stephens: Are you saying the High Court judge was wrong too?

Mr BRIAN BURKE: If the member wants to know the truth, the High Court overruled the Full Bench of the Supreme Court, did it not? I do not happen to believe that all wisdom reposes in High Court judges.

Mr Stephens: I would not say that all wisdom existed in the Supreme Court, and they overrule decisions as well.

Mr BRIAN BURKE: That is right. I would not say that either, but if the member were to give me a choice I would say that in this case the Supreme Court was right and the High Court was wrong. That is what I would say.

In respect of the retrospectivity, the Law Reform (Miscellaneous Provisions) Act 1941 was an amending Bill that became law as from 22 November 1982 in almost identical circumstances, when the previous Government was in power. It arose from a High Court decision of *Fitch v Hyde-Cates* and the High Court ruled that the estate of someone who had died through the negligence of another had a right to damages for the lost years of earnings caused by the death. The Government of the day -- a Liberal-Country Party coalition -- passed retrospective legislation to ban all claims except where judgment had already been given.

This is exactly the same situation. In fact, it is arguable that this was, in the member for Stirling's terms, a clear case of retrospectivity. But I would have supported that legislation; I think it is fair and right and I do not believe that the High Court's decision or the member for Stirling's insistence on an amendment should open the way for all these cases to which I have referred. With the best will in the world, I do not believe that the man who dropped a carcass on his foot when he was getting out of his freezer truck should get third party coverage.

Mr Greig: Whether it is a good or a bad rule, it is like changing the offside rule halfway through the hockey season.

Mr BRIAN BURKE: No, it is not. It is like changing the offside rule at the end of one match and people saying, "But I have trained and practised for the whole of my life with the offside rule in this particular way. What you are doing is putting me at a disadvantage because I have an expectation that when I run onto the field next time we will have the offside rule as it previously was." That is the difference.

The point the member made about people not having a right to pursue a claim was not correct. We are not taking action that will cause anyone to be non-suited. Every case will have a legitimate avenue of pursuit and to us it is simply a question of saying whether it should be workers' compensation or third party.

Mr Greig: It is through the common law and there might not be a pot of gold at the end of the rainbow.

Mr BRIAN BURKE: No. I am saying that in all of the cases we know of, that we have looked at and know are pending, we do not know of any that falls into that category. The member for Darling Range may be right. At some time in the future a man of straw may be pursued by someone with a legitimate claim. That exists now. I do not know how we can right all the wrongs of the world in this Bill by, for example, trying to right the case of a person who pursues someone who does not have comprehensive insurance and then faces a

damages bill to his or her car of \$4 000 or \$5 000. I feel sorry for those people. I have often thought about whether we can have compulsory third party insurance, but we cannot fix that problem here, nor can we fix all of the other problems that these cases try to fix in this legislation.

They are the attitudes the Government has. We will try to be fair about this amendment. If the Crown Law Department says it will admit the reasoning we have, we will accept the amendment; but I cannot accept it tonight and it will be in another place that it is either accepted or rejected.

I thank members for their general support of the Bill.

Question put and passed.

Bill read a second time.

In Committee

The Deputy Chairman of Committees (Mr Thomas) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clauses 1 to 4 put and passed.

Clause 5: Section 3 amended --

Mr GREIG: We have circulated an amendment which differs from that which appears on the Notice Paper. I move an amendment --

Page 2, line 20 -- To insert after "of the driving of that vehicle" the following --

the parking and/or ranking of that vehicle or the entering or alighting therefrom.

I take this opportunity of thanking officers of the Motor Vehicle Insurance Trust for the briefing they gave us, and the Treasurer for arranging it.

We are concerned about the variety of conditions which may not be covered by the very narrow definition which is proposed. In essence, the proposal is that the vehicle would either have to be moving or in a traffic lane for there to be any application of the compulsory third party motor vehicle insurance.

The narrow definition will ensure, quite rightly and properly, that in future what are legitimate workers' compensation claims will not be capable of being satisfied under the Motor Vehicle (Third Party Insurance) Act. There will, nevertheless, be a hole in the area of legitimate claims under common law. To that extent we are pleased, although not fully satisfied, with the offer presented by the Treasurer in that, while he is not prepared to accept the amendment in this place, the matter will be examined, and we hope that will result in a changed position being presented in the other place.

I mentioned the idea of the innocent pedestrian on the footpath. If the definition remains as it is there are other examples. For instance, where a driver opens a vehicle door and hits a passing cyclist or pedestrian, he would be covered, but if a passenger opened the door and hit another party, that other party would not be covered.

There are inconsistencies when one considers where liability rests in other areas of the Road Traffic Act. I refer specifically to the issue of seat belts, and other circumstances where the actions of the passengers are deemed to be the responsibility of the driver. Under the legislation it is the responsibility of the driver to ensure that passengers are belted up. A person opening the boot of a car to extract luggage would not be covered, but what about if he was getting the luggage out to get at the spare tyre, and then intending to continue his journey? Where does the liability lie in that instance?

Mr Brian Burke: This definition will have to be 50 pages long.

Mr GREIG: It probably would. We wrestled with this problem to come to grips with it, and tried to keep to the concept of the ordinary use of a vehicle. Subsequent to the briefing we had from officers from the MVIT we sought a more narrow amendment which envisaged the motor car as a means of transport for the driver and passengers, and the ordinary things which may happen. In our view the ordinary and natural use of a motor car in those circumstances should have been covered. I am encouraged by the goodwill being exhibited

by the Government in its willingness to consider the instances about which we are concerned.

Consider the circumstance where the driver of a car gets out, opens the bonnet to do something to the engine -- perhaps put water in -- the clip fails and the bonnet falls down on the driver. Is that part of the normal use of the car, is it a liability against the manufacturer, or what? What happens if the passenger gets out and does the same thing? We need some clarification from the Government as to the precise definition. At the moment we are literally tied down to the vehicle travelling along the road with the driver in charge of it, the vehicle out of control or, at least, in a traffic lane.

In this context we are also concerned about the passenger of the vehicle who attempts to alight, and a gust of wind blows the door shut on him. Is that something for which the driver should be responsible? Does he have to park upwind, or downwind, depending on whichever way the wind is blowing?

There are cases of people making what are ordinarily workers' compensation claims, and some of those have been held, initially, to be claims against third party. It is not an argument from the claimants themselves, but an argument between the third party insurance company, whether it be the SGIC or private companies and the MVIT. Similar problems are being addressed in South Australia, and the wording we have put forward in the amendment before this Committee has been considered there. Whether it will succeed is another question.

We ask the Government to give earnest consideration to the possibility of separating what are legitimate workers' compensation claims, and whether it is possible, when briefing and instructing the parliamentary draftsmen, to exclude cases which could be taken under third party without denying Joe Citizen. I do not know whether legitimate bona fide workers' compensation claims will take precedence, without killing the goose which lays the golden egg.

I repeat that the right of a citizen to be protected against injury in an event in which he has played no part is a fundamental principle of democracy, which democratic Governments should consider an essential part of their social responsibility, and which should be spread across the whole of the community. I repeat that we are concerned about that area. In essence, the workers' compensation claim will find satisfaction in one way or another. Joe Citizen, in our view, is in danger of being in that exceptional circumstance of not being covered. It will not be a Dickinson case but it may well be a Dickensian case and to that extent we have the prospect of Oliver Twist holding out his cup for more and finding that the porridge bowl is empty.

We have presented the amendment. We acknowledge that the Government is not prepared to accept it. However, we ask the Government to give serious consideration to approaching the matter from another direction and perhaps excluding the legitimate workers' compensation cases. In that way, the MVIT may get rid of the fear that it will carry the burden of some other party.

Mr STEPHENS: The National Party supports the amendment. I was pleased to see the Treasurer indicate that the Government was prepared to look at it.

I believe that a citizen should be entitled to protection against injury when getting in or out of a vehicle. I wonder whether the Treasurer is prepared to discuss with the Crown Law Department the addition of the words "or alighting from, a driver or passenger".

Mr Brian Burke: You can't have "passenger" because that would open up the whole question of whom we are insuring. The passenger has never been insured.

Mr STEPHENS: I am requesting the Treasurer to allow the Crown Law Department to have a look at this matter. The times when the provision will be brought into play would be minimal.

Mr BRIAN BURKE: The Government does not deny that there is merit in the view put by the members, but that merit does not extend to the wording that is being proffered. There is merit in trying to ensure that legitimate claims are properly protected and satisfied. Even in the case that gave rise to this problem, I wonder whether, without being too hardhearted, a legitimate claim arose from the use of a motor vehicle when a young girl of two years and two months was injured in the back seat of her father's vehicle while playing with matches.

Mr Stephens: We accept that.

Mr BRIAN BURKE: The member is agreeing with me about the High Court, then?

Mr Stephens: Yes. That is why we support the Bill.

Mr BRIAN BURKE: That is an example of how difficult it is, because the court said that this young girl burnt herself playing with matches. Her brother was injured when he jumped from the car.

Mr Stephens: If you accept that situation, a person could park a car in a backyard or a children's playground and make a claim. That is ridiculous.

Mr BRIAN BURKE: The judge made the point that claims could be extended to include someone who was raped on the back seat of a motor vehicle. I will take the extra words to the Crown Law Department.

Amendment put and negatived.

Clause put and passed.

Clauses 6 to 11 put and passed.

Clause 12: Section 23 amended --

Mr GREIG: I move an amendment --

Page 4, line 24 to page 5, line 4 - To delete the lines with a view to substituting the following --

(c) by adding the following subsection --

- (2) In relation to a class of action arising prior to the coming into operation of an Act which effects an alteration to which subsection (1) applies proceedings may be commenced and determined notwithstanding that the cause of action involved would not have been a cause of action had it arisen after the coming into operation of that Act.

We are advised that cases have been commenced. Some have been notified to courts and others have reached the point of at least the incident having occurred and the matter is sitting in the wings.

In essence, the amendment would delete the new subsections (2) and (3) of section 23 and say that any incident that has occurred prior to the Bill's being assented to could be capable of being prosecuted within the environment of case law as it currently stands. Whether we agree that the intent of the case law and the way the flow was going -- the Treasurer has said it is immaterial whether it was a moment in time or a change over time -- is wrong, nevertheless the third party insurance industry has come, over time, to a view that there was recourse and if, by the use of clever lawyers or not, the cases have been able to succeed, the rules that are applied at that time should be allowed to take their natural course and come to a natural conclusion. To that extent we submit that this matter should have prospective application in the sense that the environment that existed up to and including Dickinson should prevail for those cases and incidents that occurred to that date.

I am advised that there are a significant number of cases waiting in the pipeline. I am also advised that there is something in the order of \$925 000 assessed liability from only six private workers' compensation insurance underwriters. That does not include the State Government Insurance Commission, and it might be fairly comfortable for the Government to say that it does not affect it because it will pay the money either out of MVIT funds or out of the SGIC funds, under workers' compensation. The consequence of that is that the MVIT insurance is compulsory right across the board to all motor vehicle owners, and it is covered by the one fund. Workers' compensation is not so covered and, in fact, while there is a large package of it in what was the SGIO, nevertheless significant areas of workers' compensation underwriting occurs in private insurance organisations.

If the Government does not accept the amendment the net consequence will be that workers' compensation insurance premiums will rise because the workers' compensation insurance companies which have claims waiting for attention -- the first port of call has been the workers' compensation area, rightly or wrongly, and they have sought to move them to the

MVIT -- will receive a surge in workers' compensation claims. It is well known that in establishing the rates the premium rates committee has regard not only to the past claims history, but also to prospective assessed liability. If the Bill becomes legislation these companies will be faced with having to confront the surge of back claims together with future assessment of their exposure. The Government should give consideration to the amendment that I have moved. Whether or not one likes the way in which the umpire -- in this case the High Court of Australia -- is interpreting the rules one should allow that part of the game to come to a natural conclusion, and the next game to start afresh. It is too easy, from the Government's position, to happily diminish its area of potential liability under the SGIC because what is lining up will not come back to the workers' compensation door of the SGIC. To use an Australian colloquialism the Government is being somewhat of an Indian giver. It requires compulsory third party insurance and it requires workers' compensation insurance. Only one source of insurance underwriting is available to the owner of a vehicle, and that is the MVIT. There are a variety of insurance underwriters for workers' compensation, but it is also compulsory that it be taken out. In fact, this is a sleight of hand on the part of the Government in respect of the third party insurance underwriters. To that extent the Government is diminishing the size and quality of the package available to the insured.

The legislation amounts to a retrospective change of the climate and the environment in which the umpire has been interpreting the rules, and we say that it is a matter of fair play that the Government does not apply this legislation retrospectively.

Mr STEPHENS: This clause essentially involves the principle of retrospectivity, and it is one about which most members are very concerned. As the member for Darling Range pointed out, the rules are being changed. I do not think that we, in Parliament, should say that the rules have changed and therefore we will make the law as if it has always been the law. That is the effect of this clause.

I acknowledge that the legislation has not been interpreted along the lines the Parliament intended it to be interpreted. Nevertheless, that is the way the law has been judged and, in amending the legislation, we should say that as from now these will be the rules and this is how they will be applied. We should not deny people the legislation which existed in the past to take advantage of a situation that existed in the past. For that reason the National Party supports the amendment as proposed by the member for Darling Range.

Mr BRIAN BURKE: We do not accept the argument. I should point out that all of the cases that members have mentioned to support their position are speculative and that the SGIC will fight them very strongly if they proceed. It is not as though, as might be impressed upon people listening to the debate, someone is having something taken from them.

Mr Stephens: They are. The rules have been changed.

Mr BRIAN BURKE: Let me go on to say that no-one is being non-suited and there is an action that lies for these people to claim against workers' compensation insurance. By the way, successful claims would not result in massive increases in workers' compensation insurance premiums. I am told that the premiums already collected include a component for the common law risk that is undertaken by the insurer at the time of writing the premium. That would be accommodated in the premium already written. In any case, the morality of the situation is clear, and I am surprised that members opposite cannot see it. We are simply maintaining the situation as it was always thought to be, as it was always intended to be and as, until some smart lawyers came along to capitalise on Dickinson, it was always believed to be.

Our job is not to support the machinations of those lawyers who have told their clients that there is a weakness, or a possibility of a successful action lying on their behalf. Forget about the workers' compensation claim, they tell their clients, they can succeed with that, but they might get more money by doing it this way. There is no morality about the position being put forward, but let me read the Act the Liberal Party passed in 1942. I think we voted for it, from memory. It reads --

Section 4 of the Law Reform (Miscellaneous Provisions) Act 1941, as amended by this Act, applies to and in respect of causes of action arising before the commencement of this Act in the same way as it applies to and in respect of causes of

action arising after the commencement of this Act, but section 4(2)(e) of that Act as amended by this Act has no operation in relation to causes of action in respect of which a court has given judgment, whether or not that judgment is subject to appeal.

Mr Stephens: That extends it.

Mr BRIAN BURKE: No, it is limited. The second part is exactly what we are doing. We are limiting it.

Mr Stephens: The amendment extended the Act.

Mr BRIAN BURKE: No. The amendment snuffed out claims which were much more valid or vivid than these. This chap had died. These people had a claim. It was much clearer than this case. I do not see an argument at all; I do not accept the position put forward. It is not fair to say that established rights are being impaired retrospectively. I hear the argument about the rules being changed, but that is not the case. The rules were changed by Dickinson, and all we are doing is establishing what everyone thought was the case.

Mr Stephens: There was a weakness in the drafting of the legislation.

Mr BRIAN BURKE: The result was to change the rules dramatically.

Mr Stephens: The legislation did not mean what the Parliament thought it meant. The courts are there to interpret what we put into law.

Mr BRIAN BURKE: All we are saying is, "Hang on, courts -- that is our legitimate role -- we do not agree with your interpretation."

Mr Stephens: I accept that from now on, but not from the past. That is the difference.

Mr MacKINNON: I support the amendment moved by the member for Darling Range, supported by the member for Stirling. What the Treasurer is saying is that retrospective legislation is okay. We only need to look at taxation matters. Anybody who has dealt with taxation law knows that what the Treasurer says is not right. Interpretations are put on taxation law by the commissioner and by taxpayers. Appeals are held, and often the ruling goes against the commissioner, who then convinces the Minister to change the legislation, which he does. In most cases it is not retrospective. How can we retrospectively say, "That is what the Act says, but we did not really mean it to say that, we really meant it to say something else, so all those deductions previously allowable are not allowable"? That is what the bottom of the harbour business was all about. While our colleagues introduced the legislation federally, we expressed great concern about its retrospectivity at the time and continue to do so. We do not believe that this legislation is any different.

To use the argument that in 1982 we on this side of the House when in Government approved some clause is no argument. Two wrongs do not make a right. In this instance the retrospective clause is not supported by this side of the House. The Treasurer said the rules were changed by Dickinson. Earlier he virtually agreed with the member for Darling Range when he said that Dickinson was one of a long line of cases which had given rise to this interpretation.

Mr Brian Burke: No, I said the opposite. I said that is what he said. I said the opposite was the case, as I said in the second reading speech.

Mr MacKINNON: If I put the wrong interpretation on the Treasurer's comments, I apologise. I understood him to say the opposite. If that is the case, I do not agree with the Treasurer's comments. The member for Darling Range outlined the position quite clearly. Dickinson was not the turning point, but it brought home the message of previous cases. There is no justification for retrospective legislation.

Amendment put and a division taken with the following result --

Ayes (18)

Mr Blaikie
Mr Bradshaw
Mr Cash
Mr Clarko
Mr Court

Mr Cowan
Mr Crane
Mr Grayden
Mr Greig
Mr Hassell

Mr House
Mr Lewis
Mr MacKinnon
Mr Stephens
Mr Trenorden

Mr Tubby
Mr Wiese
Mr Williams (Teller)

Noes (24)

| | | | |
|----------------|------------------|----------------|--------------------------------|
| Dr Alexander | Mr Carr | Mr Gordon Hill | Mr D.L. Smith |
| Mrs Beggs | Mr Donovan | Mr Hodge | Mr P.J. Smith |
| Mr Bertram | Mr Peter Dowding | Dr Lawrence | Mr Troy |
| Mr Bridge | Dr Gallop | Mr Marlborough | Dr Watson |
| Mr Brian Burke | Mr Grill | Mr Pearce | Mr Wilson |
| Mr Burkett | Mrs Henderson | Mr Read | Mrs Buchanan (<i>Teller</i>) |

Pairs

| Ayes | Noes |
|--------------|-------------|
| Mr Mensaros | Mr Bryce |
| Mr Watt | Mr Parker |
| Mr Rushton | Mr Taylor |
| Mr Schell | Mr Evans |
| Mr Lightfoot | Mrs Watkins |

Amendment thus negatived.

Clause put and passed.

Clauses 13 to 15 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

Third Reading

Bill read a third time, on motion by Mr Brian Burke (Treasurer), and transmitted to the Council.

ACTS AMENDMENT (BUILDING SOCIETIES AND CREDIT UNIONS) BILL*Second Reading*

Debate resumed from 11 November.

MR MacKINNON (Murdoch -- Leader of the Opposition) [8.50 pm]: This Bill was initially introduced into the other House in October, and is designed to update the legislation applicable to building societies and credit unions.

During the second reading speech delivered to this House, the Leader of the House indicated that the major aspects of the Bill are in relation to prudential requirements; ownership provisions; the establishment of financial societies as a new category of deposit-taking institution; provisions allowing for amalgamations, transfers of engagements, and takeovers by either membership approval or direction of the registrar -- which we will comment on during the debate -- and finally the introduction of reserve funds, on which we also will comment. The general provisions of the Bill are supported by the Opposition in this place, as they were in the other place. We intend to put some questions to the Government about this legislation and about the situation of the Teachers Credit Society.

It is difficult to understand the manner in which the Government has dealt with this legislation in bringing it to the Parliament. A working party was established to examine this legislation in October 1986, which led to the creation of a draft Bill. In that process, there was little consultation with the industry. Once the Bill had been finally drafted and once it came to Parliament, the industry spent quite an amount of time, effort and money in trying to provide the Opposition primarily, and the Government, with their comments on the legislation. One wonders why the Government took that course of action when it introduced this Bill on 13 October, with the matter being urgent, with debate coming on in that House on 22 October, yet debate still has not proceeded, and it is now 2 December. I put it to the Government that was really a rather amateurish way to handle a Bill as serious as this one, particularly when one bears in mind that 28 amendments were accepted in another place and another 14 are listed here -- 12 by the Government and two by the Opposition. We see, therefore, what occurs when legislation comes before the Parliament without adequate consultation. We could have had better legislation had the Government taken two or three

weeks longer to consult properly with the industry prior to bringing this Bill into the Parliament, and that would have saved a lot of time and effort by both Houses in addressing the legislation in the manner in which we have addressed it.

I wish to make several points during this debate. First, while this legislation makes some important changes to the Act, we should not lose sight of the fact that the existing Act gave the Government, through the registrar, ample powers to address the difficulties and problems which were experienced by both the Teachers Credit Society and the Swan Building Society. In fact, the working party report said that the existing legislation is reasonably sound. The legislation detailed all of the powers that the registrar had at his disposal to make examinations of the situation that existed within each of those financial institutions. One must wonder why it was that neither the registrar nor the Government took action at the time to properly investigate the position in both the Swan Building Society and the Teachers Credit Society when it was common knowledge throughout the business community -- and, as the Government has said, it was its knowledge -- that there were some difficulties within at least one of those institutions well before what I would call a proper examination took place.

The Opposition put questions to the Treasurer in this Parliament about these financial institutions. I refer, first, to question 2189 of 21 October, when the Deputy Leader of the Opposition questioned the Treasurer about the Registrar of Building Societies and whether he had carried out his own audit or detailed inquiries of the financial activities of the Swan Building Society separate to the independent audit carried out by the society itself during the years ending June 1985, 1986 and 1987. The answer makes very interesting reading, bearing in mind the difficulties of the Swan Building Society, which were evident in the community after June 1986. The Treasurer's reply was --

An inspection was carried out by officers of the registrar in August 1985 and in June 1987. The latter inquiry led to a request to the auditors to re-examine the financial affairs of the Swan Building Society.

So as has been explained before in this Parliament, we have a situation where almost two years passed between the times that the registrar undertook a detailed examination of the Swan Building Society. We now know that society got into significant financial troubles -- enough trouble to warrant a takeover situation -- the full details of which have yet to emerge.

However, the more serious of the two cases is that relating to the Teachers Credit Society. The Deputy Leader of the Opposition questioned the Treasurer about the examinations made of the Teachers Credit Society and asked what action the registrar took to carry out his own audit or detailed inquiries into the financial activities of the Teachers Credit Society separate to the independent audits carried out by the credit society itself during the years ending June 1985, 1986 and 1987. We must bear in mind that the Government knew all along of the difficulties involved with that society.

I quote from the *Sunday Times* of 23 August 1987 where the Treasurer is reported as follows --

Mr Burke also disclosed the Government had been concerned since December about the stability of the society.

So in December 1986 we have an indication of the Treasurer's concern. The Attorney General in the other place indicated in debate on this Bill that the Government first became aware of the substantial loans -- they are his words -- made by the society which led to the concern being expressed by the Treasurer, and then action being taken --

Mr Brian Burke: Who first became aware?

Mr MacKINNON: The Attorney General said that in the other place. As I recall it -- and I will check that out and let the Treasurer know -- the Attorney General said that the Government first became aware of the substantial loans as far back as July 1986. The Treasurer was aware -- in his words -- that the Government had been concerned since December about the financial stability of the Teachers Credit Society.

We can see that from the answer to question 2190 --

Officers of the registrar carried out an inspection in July 1986. Further detailed information on loan exposures was sought in May 1987, and this led to a request to the auditors to pay particular attention to that area.

Bearing in mind that the Treasurer's own comments indicated that the Government was concerned about the stability of the society from December on and that under existing legislation -- before the amendments were made -- both the registrar and the Treasurer, the Minister responsible, had more than adequate powers to make a detailed examination of the Teachers Credit Society's position, the Government could have done that from July through to December when the Treasurer indicated in a Press report that the Government was concerned about the stability of the society. Under those circumstances one must wonder why it was that in both of these cases there was a significant gap between the time the registrar took action to investigate these matters, particularly as in December there was a clear indication from no-one less than the Treasurer of concern about the Teachers Credit Society. That was well before the time the registrar took that action. I do not accept the point made during debate by the Leader of the House in another place that there was a change of registrar in this time. There are going to be changes in officers during the term of any Government, and this Government should have been aware of that and made sure that the proper controls were in place. That will happen under this new legislation. However, if the Government was aware in December, it should have taken action then to try to find out the true position, particularly if the Government was concerned about the stability of the society.

In the Treasurer's own words at that time, the failure of the Government to take action has led to the present situation. The Swan Building Society, for example, has effectively been taken over by the Home Building Society and we do not know the losses involved there. I have heard various reports of between \$8 million and \$12 million, but I do not know the true figure and neither will anybody else until the information is released. There is a similar situation with the Teachers Credit Society with reports ranging from between \$50 million and \$100 million, but again I do not think anyone will learn the true facts of that until such time as the Government releases a report on it. I hope then that we will get a full explanation of the facts of the Teachers Credit Society takeover.

Many questions should be answered by the Government in this debate. Some of them were raised in question time tonight but were not answered adequately by the Treasurer. He indicated that the Chairman of the R & I Bank had indicated that the bank's report on the Teachers Credit Society would be completed by the end of this month and reported to the registrar. I hope the Treasurer will indicate when he anticipates that report will go from the registrar to the Government and then to the public, or whether in fact the report will be made public. Will we have a full disclosure or merely an abbreviated version of the report?

The second matter was raised in question time tonight and it was one which the Treasurer glossed over in his usual manner; that is, the question about the jobs of 350 people employed by the Teachers Credit Society. I have now heard directly from three independent people who were present at the meeting on the weekend of 15 August that a commitment was quite clearly given to the directors of the society, who quoted Mr Kevin Edwards' word on that issue, which was that the job security of the Teachers Credit Society's employees was not in question. It was said that the Government would underwrite the loss and ensure that depositors' funds were protected, and that the jobs of the society's employees would be protected. That was obviously a concern of the directors, which was expressed at the meeting by two of the directors. Three of them were very concerned but two were vocal and received a commitment from Mr Edwards, in unequivocal terms, that jobs would be secure. That was certainly the impression given. The Treasurer tried to laugh this off this evening by saying, "If that was the case, why have we not heard something about it before? If there was real concern about jobs and their future, why have not the unions become active before today?"

Mr Peter Dowding: He did not try to laugh it off. Don't say things that are untrue.

Mr MacKINNON: He did and the Minister knows it. He tried to make light of the fact. The Opposition rejects that sort of approach. Those 350 people felt their jobs were secure. I gave an example during question time of what happened to one of the Teachers Credit Society employees. She refinanced a property loan on the strength of the commitment that her job was secure and she is now very concerned that she will not have a job either after 18 December -- when I was told that an announcement would be made -- or 31 December or 2 January or 10 January. The employees are entitled to know what their position is to be. Either their jobs will be guaranteed or alternatively the Government will assist in their

redeployment. They are entitled to know that; they were given that assurance over the weekend of 15 August. The Treasurer can say he does not have any recollection of it, and that Mr Edwards might have something he was not aware of, but Mr Edwards was clearly his agent, he was acting on the Treasurer's authority. The Treasurer has a clear responsibility to answer the questions those people are raising about their futures. Have they a future or have they not? What is the Treasurer prepared to do to protect the employment and security of those people?

There are numerous questions concerning what will happen to the Teachers Credit Society and its various operations. Again it has been put to us that the decision has already been made and that all branches of the Teachers Credit Society, except the head office, will be closed and that the R & I Bank will totally take over the activities of the society. If that is the case, the other question I hope will be answered -- if not tonight, then on 31 December or soon after -- is what capital injection will be necessary to ensure that the prudential requirements of the R & I Bank are retained because of the situation it is taking over from the Teachers Credit Society? I understand that the Teachers Credit Society's overdraft with the R & I Bank is considerable, and that in fact it is well in excess of the \$70 million which was previously reported. If that is the case, how will the R & I Bank meet its prudential requirements? Will the Government inject the capital? If so, how much will be injected into the R & I Bank to ensure that it retains that prudential requirement necessary to comply with the Reserve Bank's conditions and regulations, which I understand that it properly does?

Mr Court: Some people are saying that the overdraft is double that size.

Mr MacKINNON: It would be interesting to know the facts in this case. Are the members of the Teachers Credit Society to have a say in the future of their society or will the takeover be ordered without them having any say in the future of their society? I understand management fees are being paid to the R & I Bank. Again, I was told today management fees of around \$750 000 have been paid to the R & I Bank to date by the Teachers Credit Society. Is that so, and on what basis are the fees being paid? What effect is the management fee payment having on the profitability of the Teachers Credit Society? I think the Government has a responsibility to answer all these questions. They are not commercially confidential figures; they form information which should be rightfully made available to the public, who, at the end of the day, are the underwriters of the Teachers Credit Society and should be entitled to know what liabilities they are up for and, in the meantime, what outgoings they are expected to underwrite.

Two comments made by the Minister for Minerals and Energy in *The West Australian* of 3 November are worthy of consideration. The article made interesting reading. Questions have been raised in this House by me and by other members about those comments and to date no satisfactory answers have been provided. I am interested to hear what the Treasurer has to say about some of those comments, bearing in mind that Mr Parker made the comments when he was in the Eastern States with the Treasurer. I would have thought that Mr Parker, being the careful person that he is, would not have made those comments without the knowledge of, and certainly not without discussing the matter with the Treasurer in the first place. If he did, why did he make the statements and not the Treasurer who is responsible for this area? Mr Parker is reported as follows --

The WA Government will not have to match the losses of WA Teachers' Credit Society dollar for dollar.

Minister for Minerals and Energy, Mr Parker, said yesterday that the TCS's losses would be offset substantially by the value of the society's assets.

I think the Treasurer should have accepted his responsibility as should the Minister for Minerals and Energy to give us an indication of what the Minister was talking about. I do not believe it is adequate for the Treasurer to say that he has told us 50 times that this is a matter for the R & I Bank, that it has told him nothing, and that it will report to him in due course. Why did the Minister for Minerals and Energy make such a well-considered statement to the media that TCS's losses would be offset substantially by the value of the society's assets? On what basis did the Minister make that statement? Again it is not sufficient for the Treasurer to say, "I don't know, ask him." I have asked him and he said it was not his responsibility and that I should ask the Treasurer.

Mr Brian Burke: When did he say that?

Mr MacKINNON: When I questioned him in Parliament.

Mr Brian Burke: What is your reference? What is the question number?

Mr MacKINNON: I do not have that question here.

Mr Brian Burke: That is not true. He did not say that at all. I don't recall your asking him the question. You asked me a question.

Mr MacKINNON: I asked the Minister a question in this House about this statement.

Mr Brian Burke: You did not, and he did not say that it was none of his business and that you should ask me. I have been here every question time and I have not heard you ask him that question.

Mr MacKINNON: I may be wrong.

Mr Clarko: He has not been here every question time.

Mr MacKINNON: No.

Mr Brian Burke: You have to produce the question and answer.

Mr MacKINNON: I do not have it here. I will dig it up for the Treasurer in due course. Whether the Treasurer was here is irrelevant. The Treasurer should be able to answer the question tonight. What are the assets mentioned and how will they be able to offset substantially the value of the society's assets? The article continued --

Mr Parker said the Government expected "the value of TCS's core business to substantially offset losses from the society's more entrepreneurial activities".

What is the TCS's core business? What is its value? Who will place a value on it? Is the TCS having a value placed on it by the R & I Bank which, after all, will take over the TCS's assets, or will an independent body value the assets? What are the society's more entrepreneurial activities?

The Minister answered a question in relation to that by saying they were such things as the loans made to the Potter group of companies. Is that the only entrepreneurial activity and what loss has been made? He has access to much more information than he has indicated to date if he is able to make such a considered statement to the media. He must have an idea of what the core business is and the value placed on it and a rough idea of what the losses have been to date. Otherwise, why would the Minister make the comment in the first place?

I believe that article is one of the most important articles that has been published in this whole matter. It indicates that the Government has a pretty good understanding of the position right now. In fact, it knew what the position was a month ago despite the Treasurer's saying that the R & I Bank's situation may not be finalised until the end of December. That may be the case; I am not disputing the R & I Bank in that instance. However, the Government has a very good idea of the position right now for the Minister to be making that sort of statement to the media.

Questions were also raised in relation to the Swan Building Society. I would appreciate the Treasurer's telling me whether we can expect some report on the Swan Building Society. When will he know the exact position in relation to that society and when will that report be made public? Who will foot the bill for its losses? We know that a levy is being set up. What proportion of that loss will be funded by the levy and what proportion will be funded by the Government? How much is that bill to date? Many questions have to be answered about both areas. The further the Government goes in putting those questions off, the more difficult it will be for it to answer them.

There are many areas of the legislation about which I will question the Government during the debate. However, a couple of general questions will be asked of the Treasurer during this debate. From what date does the Treasurer anticipate this legislation becoming operative? Are there any plans by the Government to update and upgrade the registrar's office? It seems, from the outside looking in, without criticising the people involved, that there has been a shortage of manpower or expertise within that office which has not allowed answers to questions to be provided previously. There were great gaps between the times that proper investigations were made of the Swan Building Society and the Teachers Credit Society.

What action has been taken to ensure that that does not occur again? As members know, legislation can only do so much. The existing legislation was reasonably sound.

It seems that the resources provided to the office were not sufficient or given enough importance in terms of the working party. Why has the Government chosen, in proposed sections 29D and 29G and in proposed section 37 to give the registrar power to direct takeovers of a building society or credit union, or a financial institution without their approval? A clause has been introduced in another place to ensure that there is consultation. A society may say that, despite the direction, it does not want to take over the society and that it will fight the direction in the courts. Why will these financial institutions be compelled to take over other financial institutions if they do not want to for one reason or another? What is the logic behind that decision? Finally, could the Treasurer give me an indication of what is proposed with the levy? Perhaps he could save some time in Committee by dealing with it in the second reading debate.

I would like a more detailed explanation than has been provided to date, either in another place or in the response to the second reading debate. What is proposed with the levy and how will it operate and be administered once it is in place? The Opposition indicates that although it supports the legislation, it is less than happy with the information provided by the Government. In relation to the Teachers Credit Society and the Swan Building Society many questions remain unanswered to date and the Government has a responsibility to provide those answers, if not to the Opposition then to the general public in this State, who have underwritten the losses in each of those institutions.

MR COURT (Nedlands -- Deputy Leader of the Opposition) [9.21 pm]: The credit union and building society fiasco is the worst financial bungle for which this Government has been responsible to date. It will go down in Western Australia's history as one of the major muck-ups. When we examine what has taken place in the last year, we see that not only did major problems arise, but also the Government used some rather desperate tactics to try to cover the situation and hide its incompetence in handling this matter. It was as a result of maladministration by this Government that Australia's largest credit union was allowed to run amuck and the building society, admittedly a small one, was allowed to go haywire to the extent that, even after the rescue took place, serious problems were still being uncovered.

As the Leader of the Opposition said, it will be interesting to know what is the final washup in this case, and how the Government will pay its contribution towards the losses involved. All the excuses and all the PR machines in the world cannot hide the problems that have arisen. Because of the complicated commercial nature of the problems being uncovered, it will certainly be a long time before many of these things are finalised. We hear today that the problems are reaching a crescendo and the R & I Bank appears to be at its wits end in handling these problems.

I am glad the Minister for Labour, Productivity and Employment has come into the Chamber because I do not know why he has been brought into this exercise. It appears that it must come under his employment category and he is being asked to do the dirty work with regard to Teachers Credit Society being taken over by the R & I Bank.

Mr Peter Dowding: That is about as fatuous as the Leader of the Opposition's question at question time.

Mr COURT: Is the Minister denying that he has been involved in discussions to organise a number of people in Teachers Credit Society becoming redundant?

Mr Peter Dowding: What absolute nonsense. The member heard my answer tonight, he should not make things up.

Mr COURT: I am not making things up.

Mr Peter Dowding: I have told the Leader of the Opposition the situation. You are either fantasising or deliberately making allegations which have no foundation in fact.

Mr COURT: We have been informed that the Minister has told the R & I Bank that it must prepare its so-called guillotine list of who will go, and that he has told the bank to make sure that it is done with the least possible expense.

Mr Peter Dowding: Who told you that?

Mr COURT: We have also been told that the Minister said that the unions should not be told what will happen; in other words, at the last minute the Government will tell them of the changes.

Mr Peter Dowding: I have had absolutely no discussions with the R & I Bank on this matter, and to the best of my knowledge and belief never have had. I think you are mischievously making these assertions.

Mr COURT: Is the Minister denying the story which appeared in the *Daily News* tonight?

Mr Peter Dowding: Were you not in here at question time?

Mr COURT: No, I was not. Will the Minister deny that he has been involved in discussions with people connected with the Teachers Credit Society?

Mr Peter Dowding: To the best of my knowledge and belief I do not know anyone connected with the Teachers Credit Society.

Mr Brian Burke: You are deliberately setting about to undermine confidence in the R & I Bank. That is the worst part of it.

Mr COURT: The Treasurer is an expert at doing that; he should not tell the Opposition about undermining confidence in financial institutions, particularly the R & I Bank.

Mr Brian Burke: Where is your evidence? You made the charge.

Mr COURT: I have asked the Minister and he replied that he has not been involved in any redundancy. If the Minister says he has not been involved, I accept his word.

Mr Brian Burke: Get some evidence.

Mr COURT: Is the Minister saying that the front page article in the *Daily News* is totally incorrect?

Mr Peter Dowding: Do people have to say everything 10 times before you understand them? I have not been involved in that issue and I said in my answer to a question from the Leader of the Opposition that it does not involve my portfolio to the best of my knowledge and belief.

Mr Brian Burke: If you had checked it, you would have known that the answer referred to the stop press of the newspaper, in which Mr David Fischer was reported as saying that it was just rumours. Mr Fischer had also said it was not true.

Mr COURT: Is the Minister saying that the article is incorrect and he has had nothing to do with it?

Mr Peter Dowding: I do not know whether I can make assurances about other people's business, but I am not involved in it. You are making assertions without any evidence at all.

Mr COURT: I accept that the Minister is not involved in this, but I find it strange that he will not say that the article is incorrect.

The SPEAKER: Order! I point out to the member on his feet, and to all other members for future reference, that past precedent and practice in this House has it that if a member quotes from a Press article it is his responsibility and not somebody else's to determine the veracity of that article.

Mr COURT: I am pleased to have that assurance from the Minister, and if the R & I Bank does take over Teachers Credit Society, I hope the Government will ensure that it is done in a way that people's employment will be protected.

We have previously debated in various motions in this House the events leading to the rescue of Teachers Credit Society and Swan Building Society. I will not detail those events again. However, the Treasurer and his Government allowed the confidence in these financial institutions to be rocked for three basic reasons. First, it failed to properly administer the Act under which credit unions and building societies operate, and we are discussing major amendments to that Act tonight. It appears that the Government did not have a clue about what was going on, it had not looked into the operations of building societies and credit unions for a long time, and did not have the necessary systems and personnel in place to make sure that they were operating correctly. Because of that sloppy administration, the Government put people's funds at risk. That is very serious.

Government members: Boring!

Mr COURT: Members opposite think that it is boring that those funds were put at risk. By the time the Government belatedly realised that action should be taken, the horse had bolted. Some months passed before action was taken in an inept manner which shattered public confidence. The Government has continually refused to explain what took place, and months later our questions have not been answered.

On the question of confidence, the Treasurer has tried every trick in the book including raising conspiracy theories. The Opposition has gone out of its way not to weaken confidence in those financial institutions. When the Treasurer was in a difficult situation he referred to leaked information about the personal banking details of the President of the Liberal Party. That action can only be classified as a major bungle by the Treasurer. Everyone involved with those credit unions, and with the R & I Bank, asked the question, "How secure is my personal banking information?" As a banking professional yourself, Mr Deputy Speaker, you would know that the whole question of confidentiality and confidence in financial institutions is paramount. This Government has done a great deal to shatter that confidence. The Government bungled the situation with cover-ups and was not in control. The Government has denied many times that its representatives said it wanted to rationalise credit unions and building societies and decrease the numbers. This legislation provides for the Government to direct how credit unions can be amalgamated.

When the Teachers Credit Society problem first arose a number of scenarios on how to handle the matter were considered. The Government should have immediately examined the situation, had the financial experts in to determine the true position on the quality of loans and the extent of bad debts, and taken action to solve the problem quickly. Instead, the Government said that the R & I Bank would manage the operation and report at Christmas time. In the meantime, a lot of things have happened. We have had a major stock market crash, which will have very serious ramifications as to the quality of the many very large loans issued by the Teachers Credit Society.

This Bill covers the main areas of establishing tighter prudential requirements, ownership provisions, and the establishment of financial societies as a new category of deposit-taking institutions. It covers provisions for allowing amalgamations, transfer of engagements and takeovers by either membership approval or direction of the registrar, and the introduction of reserve funds. It is important to repeat the point made by the Leader of the Opposition that under existing legislation the registrar has very wide powers to control interest rates paid and received and the sizes of loans. In many areas the registrar could have used his controls and powers, if necessary, to make sure these credit unions and building societies were operating correctly.

The Teachers Credit Society, this year, had assets of about \$550 million, making it the largest credit union in Australia. It had a capital base on that amount of around \$8.5 million which represented an incredible gearing ratio. The Teachers Credit Society of New South Wales has assets of around \$250 million and lends to people a maximum unsecured loan of \$15 000. When we examine the Teachers Credit Society we see a number of loans of around \$30 million. These extremely large loans must have made the Government sit up and take notice, and say, "This credit union is meant to be helping all those members who join to obtain loans, yet a large part of the funds are tied up in one or two areas."

The working party report makes mention of "Distribution to members and service to members: A major priority is to encourage thrift through savings and thus to provide loans and other member services. A fair rate of interest is paid on savings deposits within the capability of the credit union." But in this situation, the society had moved out into the field of corporate loans. Does the Treasurer believe it was legal for the credit union to be lending money to companies who were not "natural persons"? Under existing legislation, societies can lend money only to people who are natural persons. As a lay person, I cannot understand how the society could make those loans to companies. We have seen the Laurie Potter organisation facing many problems and the demise of that organisation involved one of those major loans. The Government already had the powers at its disposal but obviously was not in control of the situation and did not have the systems and people in place that were necessary to control credit unions and building societies.

The R & I Bank is playing a management role. What will happen if the R & I Bank takes

over the credit society? The Treasurer may be able to explain why this legislation is necessary for that takeover. If the Teachers Credit Society becomes a financial society under this legislation it then can issue a number of shares; a credit union is a one-person one-vote organisation, a financial society is a one-share one-vote organisation. As I understand it, that will enable them to gain control of the Teachers Credit Society. Will the Treasurer expand on this matter, because I wish to know what rights existing shareholders of the Teachers Credit Society have? Does the Treasurer have the power to allow it to become a financial society, or to allow its share and voting structure to change so that it can be taken over. It appears from what has been said in recent days that the Treasurer has said that the R & I Bank will issue its final report at the end of December. It has always said that, so there is nothing new in what was said today about when the R & I Bank will report.

Mr Brian Burke: I read a letter out before, which I will read again.

Mr COURT: The Treasurer said previously that it would say at the end of the December what was the condition of its loans. We have seen examples where financial institutions have got into difficulty and have been able to move more quickly in solving their problems. I mentioned the problems experienced with the Bank of Adelaide when all the banks were involved and where it eventually went out to tender. Sure, money has to be written off, but sometimes it is better to face those losses earlier in the piece than to drag matters out.

If the R & I Bank is to take over the Teachers Credit Society and there are losses involved, and if there are a number of doubtful loans, is it the Government's intention to simply take those loans off the Teachers Credit Society? For instance, if it has \$60 million in doubtful loans, will the Government take those loans and pay them \$60 million so that the R & I Bank does not have that problem? If so, I would be interested to know what provisions have been made to do that.

If the R & I Bank issues a report at the end of December talking about the quality of those loans and describing some of the problem loans at some stage, if there is to be a clear-cut changeover to the R & I Bank, the Government will have to outline what those figures are. It is concerning that this Government seems to have a tangled web of intrigue with all these financial rescues taking place and all these new corporations appearing.

I have said in this House many times that I do not support the way in which this Government is moving into more and more intervention in the marketplace. We are seeing a great deal of intervention in building society and credit union business simply because the Government did not properly administer the Act in the first place and is now paying the price of not having tight control on the legislation.

From what we can gather, the R & I Bank is getting toey about the fact that it has a tiger by the tail with the Teachers Credit Society. The Government has been involved with the WADC, Rothwells, the Superannuation Board, the Anchorage development, and the Teachers Credit Society which all seemed to be in a great big circle. Every day a new chapter seems to be added and everything seems to be interrelated; for example, the Superannuation Board is a shareholder in Rothwells and there are similar personnel involved. The Teachers Credit Society was involved in funding someone in the Anchorage deal, and without describing all the different parts of it, it certainly is a quite tangled web that is being created. Individually, these matters do not rate much mention, but people are starting to put these different matters together and are becoming concerned about what is taking place and that hundreds of millions of dollars of taxpayers' money is being used in this particular exercise.

The Treasurer is used to having the quick fix for problems -- he likes to solve them before the 6.00 pm deadline, but when one is dealing with the sorts of problems that have occurred with these financial institutions, that does not occur. These are becoming long and painful sagas. The Treasurer, or his Government, has done the credit union and building society movement a great injustice by allowing the current situation to occur.

As I mentioned earlier, the Treasurer has added to that injustice by dreaming up these conspiracy theories and by shattering the confidence of people with the disclosure legislation. He has caused permanent damage to confidence held in some of these financial institutions and we will be interested to know when they have to start making their payouts, if they have not already, and the answers to all the other questions asked by the Leader.

What we are seeing tonight with this legislation could well be the end of building societies and credit unions as we know them. If this legislation is passed as it is presently drafted, with the Minister and the Government having so much power to direct what is taking place, people will no longer be attracted to this type of financial vehicle. We knew when the financial markets were deregulated and the Government introduced amendments to legislation some years ago which widened the powers of credit unions and building societies that that was a pretty exciting change taking place. At the time, we made very clear that when they got those widening powers they would also have widened responsibilities and the Government would also have a widened responsibility to ensure that it properly administered the legislation. Of course, we know that that did not occur -- they had the wider powers, but the Acts were not properly administered, special concessions were given to credit unions and building societies to lend a lot more money than they should have lent, and we saw what I call a financial cowboy syndrome taking place. I believe that the Ministers of this Government can be described as financial cowboys because of the way in which they have been carrying out some of its dealings.

This legislation is required to solve some of the problems that have arisen. The Government has said that there are problems out there and that this legislation is required to help solve those problems. As I said at the beginning of my comments, if the Government had been doing its job properly in the first place we would not have to go through the scenario we are going through tonight.

MR TRENORDEN (Avon) [9.38 pm]: This legislation was brought forward with great interest and the Swan Building Society and Teachers Credit Society added a little more interest to the debate. I will not go through the recent history of those two bodies. The Bill addresses five things: Prudential requirements of building societies and credit unions; ownership provisions; establishment of financial societies; provision for allowance of amalgamations; and takeovers and introduction of reserve funds, which has yet to be spelt out.

The National Party has no argument with any of those issues. Under this legislation building societies will have to lift their minimum net worth to five per cent of aggregate assets, which we support. That is to be achieved by 1988. Also, credit unions have to acquire that five per cent over that three year period. Much debate over the past few weeks has been about deregulation and we now see a situation where an industry that has been deregulated has got its fingers burnt and we are now talking about a series of regulations in relation to this matter. The second reading speech also says, and I agree, that automatic teller machines make a difference to the access of funds, enabling more withdrawals to be made, which means the liquidity levels of credit unions and building societies can be affected and there will be an increase from seven per cent to 10 per cent. That is also something the National Party agrees with.

As well, competition has been strong due to deregulation, and although some of these building societies and credit unions are turning over fairly sizeable amounts of money it does not necessarily mean they are making profits or adding to their asset bases; so we understand why this Bill has come forward.

However, we would like the Treasurer to comment in his reply on proposed section 29D(1)(a) whereby the registrar may, with the approval of the Treasurer, direct the transfer of all the engagements of a society to another society. Why would the Treasurer not allow an amendment which said that, so long as the receiving building society was in agreement with that situation, it would be permitted? We find that a little curious and would like the Treasurer's explanation.

The real argument of the National Party is that there is a requirement for the financial organisations to have better management. The public have had a terrible scare in the last six months and to this day people are still nervous about investing their money. That is why we are arguing about prudential requirements. I received some frantic telephone calls some months ago from people very concerned that the Challenge Bank would go to the wall at three o'clock that afternoon. Those sorts of panic situations are very bad. It amused me slightly that some of the people who telephoned me had taken a cheque on the Challenge Bank and felt quite relieved that they had got their money out of that bank. The National Party was very concerned about those rumours flying around and affecting financial

organisations. Obviously it is not a healthy situation and any move by this Government to give some confidence back to the public will be supported by the National Party.

I reiterate that the management of these organisations must be examined. The management actions of the Teachers Credit Society and the Swan Building Society over the past few years have been beyond the pale. They have been acting like financial cowboys and I am afraid the Indians have headed them off at the pass and the public have been very worried about it, with good reason.

In the last few weeks we have heard a lot about the prudential requirements of organisations and that seems to be the catchcry for November and early December 1987. I would like to know why there is so much concern about the prudential requirements of building societies and credit unions when the State Government Insurance Commission does not have to comply with the prudential requirements of the Federal Insurance Commissioner. I believe the SGIC has fixed assets of about 30 per cent of its total assets. I do not know that that is an absolute fact because I cannot establish the exact information, but I am not going to accuse the SGIC of buying poor assets. What I am saying is that there is a Commonwealth Act that says the prudent running of insurance companies should occur within certain parameters, and the SGIC has gone outside those parameters.

I asked a question on notice some weeks ago and learned that the SGIC has an unfunded liability of \$900 million. An unfunded liability means there are no funds put aside to meet that liability. Just a year ago, when debate on the establishment of the SGIC was raging, I learned that the old State Government Insurance Office was only \$50 million short of funding its third party liability of about \$450 million. Therefore that situation has changed dramatically in 12 months. I am not accusing the SGIC of mismanagement; what I am saying is that it has an unfunded liability of \$900 million and it has exceeded what is considered by the Federal Insurance Commissioner to be the prudent investment instructions that general insurance companies should carry out. Why should not we be a little worried? I would like the Treasurer, and especially the SGIC at some stage, to give me some sort of briefing on this because I am genuinely concerned about it. The fact that the public at some time in the future could be called upon to meet a shortfall of millions of dollars must be of concern.

Someone has asked, "What did the auditor say?" That is a good question. We have not yet seen this year's report. I believe it is due in the next few weeks, but I cannot get the information. I am sure that if the auditor's report says all is in order it will still say there is a \$900 million unfunded liability.

The Federal Insurance Commissioner's report confirms that all general insurance companies I know of fund their liabilities to a large extent. Why should not the SGIC? Why is it so special? What makes it able to operate outside the normal, prudent operating functions of general insurance companies? I asked a lot of questions of the Treasurer at the time when the SGIC Bill was debated and there was some heated debate about reviewing the SGIC after one year had passed. I believe it has been announced that that will be looked into but personally I would like to know just how it is progressing so that my mind is put at ease and I can get on with other matters.

The R & I Bank will have to stand the losses suffered as a result of the Teachers Credit Society situation, and we do not know the level of those losses. This means that the R & I Bank will be hard pressed to make a profit.

Mr Brian Burke: It was said 100 times publicly that we will not permit the obligation or the administration of Teachers Credit Society to impact on the bank's profits.

Mr TRENORDEN: I accept that; the fact remains that there will be some sort of loss. I would be disturbed if that loss were to be reflected in the loss of jobs. I will not get into the argument about the loss of 350 jobs because I have no knowledge of whether those people will be put off. I am not saying they will be, but somebody has to pay the piper and it will be a shame if it is the employees of Teachers Credit Society.

I have made the statement in my electorate that I believe people who go into investments ought to wear some of the risk themselves. I believe people who invested in Teachers Credit Society should have worn some of the risk with the interest earnings of that organisation. I would hate to see the people who had their money in Teachers Credit Society absolutely

protected while the employees of that society were not protected. That is something I do not feel comfortable with and I am sure the Treasurer and many members opposite also do not. All of us have to bear the responsibility of our actions. I invested \$500 to get a life membership at Laurie Potters because it was going to do tremendous things to this wonderful body of mine, but I have lost the money.

Mr Wilson: It doesn't look as though you have used it.

Mr TRENORDEN: I went there a couple of times, but the Minister is right; it did not have a dramatic effect on me. However, it is a nasty feeling to lose \$500, and I can understand people sighing with relief to know that their funds in TCS have not been affected. That is a selfish attitude by those people. Somebody will have to pay the piper, and I sincerely hope it is not the employees of that organisation.

The National Party generally supports the direction of the Bill. We have contacted the people in the industry, and the only questions we have relate to clause 29. I will be interested to know why it has not been accepted. I point out to the public that this legislation will not stop the problems in the financial industry. I trust the industry has had such a scare it will tighten its management procedures and people will not be terrified about losing their life savings and investment money. I remind the public of the old adage, buyer beware.

MR BRIAN BURKE (Balga -- Treasurer) (10.02 pm): I do not intend to answer all those matters raised mainly by the Deputy Leader of the Opposition which have been raised ad nauseam and really are political points that touch upon the Teachers Credit Society and the Swan Building Society in not so much a constructive as a point-scoring way. However, I will try to answer the other points raised by him, the Leader of the Opposition, and the member for Avon which go to the Bill and seek information about some of the provisions in a general sense.

I do not agree with the Leader of the Opposition that there was little or no consultation about the proposed changes. As he indicated, the changes were the result of the deliberations of a working party which was representative and met frequently and considered in great detail the changes which might appropriately be made. I suppose there may be some criticism that towards the conclusion of the period when it was decided to bring in those changes they were brought in without much delay.

Mr MacKinnon: The legislation was brought in without any consultation. There may have been a lot of discussion to get to that point.

Mr BRIAN BURKE: As I indicated, the legislation was a reflection of the working party's work, and it was not brought in without any consultation, but rather without any delay and that may have occasioned some complaints. But in every substantial sense it was a widely consulted piece of legislation.

The Leader of the Opposition said that the working party's report said that existing legislation was reasonable. What he did not say was that in the section dealing with the powers of the registrar the working party's report said the registrar was by his legislative context unable to act quickly, and that explains some of the complaints the Leader of the Opposition and his deputy have made from time to time about what they consider to be the slow action of the registrar in the face of events which, had they been the registrar, they would have acted quickly upon and been able to seize the meaning of.

Mr MacKinnon: Had we been the Treasurer. You were aware in December of the problems; you said that yourself.

Mr BRIAN BURKE: I do not know what problems the Leader of the Opposition is talking about. I said there was some concern. If he wants to expand that to mean all the problems which became obvious to everybody he is not right.

Mr MacKinnon: You were concerned about the stability of the society. I would have thought that was a concern in December.

Mr BRIAN BURKE: The Leader of the Opposition said "problems" a minute ago.

Mr MacKinnon: In the debate I referred to concern about stability.

Mr BRIAN BURKE: I am simply making the point that if the Leader of the Opposition wants to expand that to mean knowledge of all the difficulties which subsequently became known to everybody he is wrong.

As far as the TCS is concerned and the questions which the Leader of the Opposition said demanded some answers, I will take them in the order that he raised them. He asked when the report of the R & I Bank would go to the registrar. I indicated today it would be at the end of this calendar month. He then asked when the registrar would transfer or transmit the report to the Government. I do not know, but I would think within two or three weeks of receiving it, as a maximum. That would be the normal course. He might analyse the report and provide advice with it, but I would think that within two to three weeks it would come to Government. He asked then when it would be made public. That depends on the report and what it contains, but certainly the substance of the report would be made public because there would be no problem in revealing the details unless they were details considered by the bank to be confidential and capable of damaging the bank's ability to operate. I cannot make a commitment on making the report public, but we would be looking to make the substance at least of the report public, and we would make a final decision when we receive and see the report.

On the question of jobs and job security I can only repeat what I said at question time today. The Leader of the Opposition said Mr Edwards, who was the chairman of the working party which gave origin to this legislation, made certain commitments to people who were directors of Teachers Credit Society. I am unaware of those commitments. I will ask Mr Edwards when he returns from overseas, but I cannot comment on commitments which the Leader of the Opposition claims he made. Whether they were made is one thing; how they were made --

Mr MacKinnon: You are not prepared to give any commitment whether he made them?

Mr BRIAN BURKE: I will answer that in a moment. I have no knowledge of Mr Edwards' statement and certainly do not have the ability to say the claim made about it is a true claim or something the people can honestly say is true. No, I cannot give those people a commitment. I said at question time today I would not seek to, and I would not think the Leader of the Opposition should do so. In the same sense I cannot give anyone a commitment as to their continuing employment in the State Engineering Works, or in the R & I Bank. It is wrong to be demanding of Government that it make commitments which the private sector would not be able to make and then demand that we be managed in the same efficient way as the private sector.

Mr MacKinnon: We demand you honour your promises.

Mr BRIAN BURKE: Once again the Leader of the Opposition is saying it is a promise I made. That is unfair of him.

Mr MacKinnon: An officer of your department with your authority, negotiating with the board, made that commitment.

Mr BRIAN BURKE: Where is the Leader of the Opposition's evidence?

Mr MacKinnon: Three senior people contacted me today.

Mr BRIAN BURKE: Who are the people and what have they said?

Mr Clarko: That would be the end of them. Don't tell him.

Mr BRIAN BURKE: That is the whole point. Mr Edwards is not here and I cannot ask him, but the Opposition expects me to accept that the claim is true.

Mr Clarko: Of course it is if the Leader of the Opposition says so.

Mr BRIAN BURKE: I say that I do not know. Let me wait until he comes home. I think my position is reasonable.

The next question was what was going to happen to the Teachers Credit Society and its operations, including its branches. That depends on the R & I Bank report and the decisions that are made as a result of that report. I really do not know the answer to that. I would not know what branches are going to be kept open and what operations will be continued. The next question was whether the R & I Bank was going to take over the Teachers Credit Society and if it is, what capital injection will be necessary to maintain the R & I's prudential requirements. Once again that is not a fair question to ask when the R & I Bank itself could not answer the question. It is certainly not a fair question to ask of the Government. I read out a letter from the R & I Bank earlier today and I do not intend to read it again unless members opposite want me to, but they are welcome to a copy of it.

I was asked whether the members of the Teachers Credit Society have a say in the future of the society. The answer is no. The Teachers Credit Society is now operating under administration and the R & I Bank may, in the final analysis, decide that it should administer its responsibility in a certain way that will involve the members of Teachers Credit in having some say about their future, but it is not obliged to.

The Leader of the Opposition or the Deputy Leader of the Opposition spoke about fees being paid to the R & I Bank. I am told that from the time the management contract situation finished and the administration arrangement was made, no fees were paid to the R & I Bank. The only payments being made presently are those to some of the employees who work at Teachers Credit Society. As far as that is concerned, I am told there is a submission presently before the registrar, but that has not occasioned a decision.

I was then asked about Minister Parker's statement -- the offsetting of the shortfall of the society by the assets of the society. I was also asked whether I knew what the Minister meant when he talked about the assets of the society. The Leader of the Opposition said that he had asked the Minister and the Minister had said, "Do not ask me, ask the Premier." Does the Leader of the Opposition have the reference to that?

Mr MacKinnon: It was question 2602 and I asked who would value Teachers Credit Society's core business assets referred to by him which would "substantially offset losses from the society's more entrepreneurial activities". The answer was that I should refer the question to the Treasurer.

Mr BRIAN BURKE: That is not the same question the Leader of the Opposition asked tonight.

Mr MacKinnon: It is substantially the same.

Mr BRIAN BURKE: No, it is not.

Mr MacKinnon: The answer was that the question should be referred to the Treasurer.

Mr BRIAN BURKE: That is not the question the Leader of the Opposition asked tonight. He said that the Minister said that the physical assets of the society would be offset against any losses and he asked what were the physical assets.

Mr MacKinnon: Which will substantially offset losses.

Mr BRIAN BURKE: The Leader of the Opposition asked who would value -- and here he is asking what are they. The Leader of the Opposition is not being absolutely forthright about that question. I am informed that the assets are the physical assets of the society, including any buildings that it owns.

Mr MacKinnon: I asked about the core business assets.

Mr BRIAN BURKE: I will check them later, but to ask who will value something and to ask what it is, is to ask two different questions. The physical assets, any reserves and the future value of any business that the society has on its books, are the assets of the society.

Mr MacKinnon: In which will be included the goodwill.

Mr BRIAN BURKE: Yes, the goodwill will be included. It will be the future value of the business the society has on its books, and I suppose that is goodwill.

Mr MacKinnon: Who will do the valuation?

Mr BRIAN BURKE: I am told the valuation will be done as a result of independent advice which will be obtained either by the registrar acting on behalf of the Department of the Premier and Cabinet or by Treasury.

A question was asked about the latest situation of the Swan Building Society. I obtained advice from the Under Treasurer which stated that, "The operations of the Swan Building Society have been carried out by Home Building Society since July 1987. The Government met with industry representatives to discuss the Home/Swan arrangement. At that meeting industry representatives and the Government agreed to contribute to any overall losses that might emerge from the Swan portfolio. The precise arrangements have not yet been finalised. Officers of Home Building Society have been reviewing the Swan portfolio. As yet the extent of potential losses has not been determined, although you would be aware that process is underway in respect of some large exposures. In particular, a portion of the assets

of the factors group has been realised. The receiver will be endeavouring to realise further assets and officers from the Corporate Affairs Department are continuing to assist in the investigation of the financial affairs of Swan Building Society. Charges have been made against a former agent of the society. Investigations are in progress to identify the assets of the agent, which might be available to offset any losses which may arise as a result of the fraud." I would think that it should say the "alleged fraud". It continued, "You have approved an issuing of a certificate to allow the registrar to direct Swan Building Society to transfer its engagements to Home Building Society. At this stage the transfer has not been effected pending finalisation of arrangements with Home. In the continuing process of identifying and documenting doubtful loans, Home Building Society is liaising with the Corporate Affairs Department and Treasury."

Mr MacKinnon: When do you expect to make a report on what has occurred?

Mr BRIAN BURKE: I cannot answer that question on that advice. That advice to me is dated 26 November and clearly they could not give that information.

Mr MacKinnon: I thought you would get close to the figure. Who is carrying the losses? Have you extended them a line of credit?

Mr BRIAN BURKE: No, we have not extended any credit, but we have undertaken, as per the advice I read out in concert with the industry, to ensure they do not bear any losses, whether it is through the holding of the financing of the debt during this period or the crystallisation of the debt subsequently.

Mr MacKinnon: Who will determine the extent of the losses?

Mr BRIAN BURKE: According to the minute I have from Treasury, it is being done by Treasury, Home Building Society and the Corporate Affairs Department.

Mr Court: Who is funding it?

Mr BRIAN BURKE: I have indicated that while the funding may be carried presently by Home Building Society, we have guaranteed that it will not lose any money as a result of that funding.

Mr Court: There was \$2 million in the fraud deal and \$3 million in the factors deal.

Mr BRIAN BURKE: The Deputy Leader of the Opposition knows things I do not know.

Mr Court: I am not trying to trick you.

Mr BRIAN BURKE: The Deputy Leader of the Opposition will have to ask Home Building Society how it is funding that carry-on.

Mr Court: It is \$5 million.

Mr BRIAN BURKE: The Deputy Leader of the Opposition says that it is \$5 million, but I do not know whether that is true. In any case, whatever the losses are, as has been publicly indicated, the Government and the industry are to bear the burden of those losses. We have said that publicly.

Mr MacKinnon: In what proportions will that be shared?

Mr BRIAN BURKE: That has not been finalised.

Mr MacKinnon: When will it be?

Mr BRIAN BURKE: I have no advice on that -- I am sorry, I do not know.

Mr Court: Will the levy that has been created be used to pay the industry's share?

Mr BRIAN BURKE: Yes, it will be used to pay the industry's share of the losses.

I was asked about the operational date of the legislation. The legislation contains provisions for operation from a date to be proclaimed, and it will operate in the normal way from that date.

I am sorry that I do not know the answer to the question about plans to update the registrar's office. I can make inquiries and advise the Opposition.

Mr MacKinnon: Haven't you put in place any plans to upgrade it?

Mr BRIAN BURKE: I cannot detail any plans or any decisions that have been made.

Certainly, as far as the registrar is concerned, we have made it absolutely clear that if there are requirements of his office, they will be met. I cannot give any detail of what has been done.

Mr Court: It would have been a pretty active office in the last few months.

Mr BRIAN BURKE: I have no doubt about that. I do not have any figures at my fingertips about extra staff or changes that have been made.

The question of the power to direct or consult was raised by two or three speakers. It is a substantial point and I want to list the process through which we will pass any amalgamation. In all cases where the registrar directs that an amalgamation, transfer of engagement, or takeover take place, there are strict approval and reporting procedures. The registrar cannot issue a direction without ministerial approval. In seeking ministerial approval the registrar must certify to the Minister as to the reason for direction. The registrar must therein report any representations made to him in relation to the direction and is required to hear the parties involved and may hear any other person he considers entitled to be heard.

Any institution which is the subject of a direction may appeal to the Minister and the Minister may invoke the registrar's direction. In order to effect a transfer of engagements under direction the registrar may give directions to the credit union or financial society whose engagements are being transferred but not to the receiving institution. In the case of a takeover under direction, the registrar may direct the target institution to issue shares and give the party taking control such directions in relation to the issue of shares. There is no specific provision which allows the registrar to designate the party taking control.

The Deputy Leader of the Opposition asked questions following an assumption that he appeared to have made about the future of the Teachers Credit Society and its relationship to the R & I Bank when he asked about the transfer of one-person one-vote status to the status of one-share one-vote and the majority of shares being possessed by the R & I Bank, presumably after the registrar had directed the issue of shares to the R & I Bank. The assumption that he makes about the amalgamation of Teachers Credit Society into the R & I Bank is not necessarily correct, but even if it were the method proposed, the Teachers Credit Society would not necessarily be subordinated to the bank.

Mr Court: How do you do it?

Mr BRIAN BURKE: It is done essentially in the way suggested by the Deputy Leader of the Opposition. The registrar directs the issues of shares, but it is not necessary to subordinate the Teachers Credit Society to the R & I Bank; a transfer of engagements can be done.

Mr Court: That is under proposed section 29D.

Mr BRIAN BURKE: That is right, proposed section 29D(1). I am not sure of the exact question, but it was in respect of bad debts and loans. We have said consistently that the R & I Bank will not have to suffer any loss as a result of provisions it has to make for bad debts in the Teachers Credit Society. We have said that publicly on 10 or 12 occasions. We have not defined the manner in which those losses will be borne by the State. It would be unwise for us to do so, and unwise to define the losses we will bear in advance of the R & I Bank fulfilling its charter. We are anxious to ensure that the losses are minimised, and that the R & I Bank minimises the losses as wisely as it can.

We think the legislation generally is worthwhile and good. It flows from the working party's considerations and report, and the Government makes no apologies for its decisions in respect of the Teachers Credit Society. We do not accept the proposals put forward variously that we should have let the Teachers Credit Society collapse or dealt with it differently. The best possible course of action has been taken, and we do not believe another course would have provided the benefits which this course provides.

As far as the Swan Building Society is concerned, we accept that that rescue was in the community's interest. The difference between these institutions and the SGIC are very clear. These are deposit taking institutions and financial institutions. The same cannot be said of the SGIC. The member for Avon wants detailed advice on some of the aspects of the operation of the SGIC and I will make sure that as much as possible is told to him. I remind him that unlike those insurance areas with which he is more familiar, the SGIC bears a great deal of social responsibility which many other private companies will not touch with a barge pole.

Mr Trenorden: Last year was the unfunded liability of motor vehicles. It virtually covered this year.

Mr BRIAN BURKE: The member is not comparing like with like. The Motor Vehicle Insurance Trust fund is in balance. It is funded. The member is comparing that fund, which when we inherited it was in significant deficit, with another fund which includes the industrial diseases provisions and other things which are not funded.

Mr Trenorden: Industrial diseases are.

Mr BRIAN BURKE: No, there are a lot more than that, following on the asbestos cases.

Mr Trenorden: All I am saying is that the answer to the question I asked was that \$900 million was unfunded.

Mr BRIAN BURKE: That is not in the MVIT fund.

Mr Trenorden: I asked about the total liabilities of all the funds.

Mr BRIAN BURKE: The member is making much out of the comparison, saying that last year the MVIT fund was \$40 million in deficit, and now \$900 million is unfunded. That is the totality of all the funds in the SGIC. The two cannot be compared.

Mr Trenorden: The motor vehicle fund is \$900 million unfunded..

Mr BRIAN BURKE: It is, but there are many other things in it too -- if the member is right, and I do not know that he is. The two cannot be compared because they are different. I shall be happy to provide whatever information is appropriate. The member can find out for himself; that is all I can do.

Mr MacKinnon: But you do not provide information when we ask for it.

Mr BRIAN BURKE: We try to provide as much as we can, but sometimes we suspect that members opposite are acting politically with some of their questions.

Mr MacKinnon: We like you to be accountable.

Mr BRIAN BURKE: I have no argument with that, but occasionally we get the impression that the Leader of the Opposition is motivated by political thrusts.

Mr MacKinnon: What is political about asking you to be accountable?

Mr BRIAN BURKE: Perhaps not on that occasion, but on others.

Mr MacKinnon: On that occasion you refused to provide information.

Mr Court: It happens a lot in politics.

Mr Clarko: It is better in politics than in local government.

Mr BRIAN BURKE: I can tell members about questions I asked the former Premier who gave answers one could not jump over with a pogo stick. There was nothing in them.

Mr Court: The WADC answers have gone from three lines to 10 lines. Tell them to go back to three lines.

Mr BRIAN BURKE: I have news for members who have not been here as long as I have. There is not much change. The member for Balcatta has been here since 1968. We have lost some hair and our tempers, but not much has changed.

Mr Bertram: There have been lots of new faces.

Mr BRIAN BURKE: I commend the Bill to the House. I appreciate that this is an occasion for members to raise highly political matters, but I hope they understand.

Mr Court: The truth.

Mr BRIAN BURKE: That is fine. I hope they understand that I would rather address the substance of the Bill.

Question put and passed.

Bill read a second time.

In Committee

The Deputy Chairman of Committees (Dr Lawrence) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

Clauses 1 to 8 put and passed.

Clause 9: Section 15 amended.

Mr MacKINNON: I ask the Treasurer about the reference to the fact that the registrar shall not register a permanent society under this Act unless at least \$5 million of its share capital is non-withdrawable. I understand that figure used to be \$2 million. Could the Treasurer explain why the figure of \$5 million was chosen and why it was not left at \$2 million, or changed to \$4 million or \$10 million? How was that figure arrived at?

Mr BRIAN BURKE: The increase to \$5 million reflects the concern of the Government to ensure that the societies have adequate capital to compete in a very competitive environment. A new credit union or building society with no fixed capital has by definition no reserves to generate surpluses from its borrowing and lending activities, but it must nevertheless incur the usual costs of establishing itself. The Government wishes to ensure that sufficient funds are available to meet establishment costs and to provide capital coverage for assets. Unless some capital is in place from the first operating day, any losses can be met only by drawing on depositor's funds. The establishment of a new credit union or building society means by definition, other things being equal, a smaller market share for established credit unions or societies. With the existing pressure on markets being experienced, a decision to register a new organisation would also require industry support. I do not have all the details about the other States, but I think it varies: Some from as low as \$1 million and some perhaps even higher than \$5 million.

Clause put and passed.

Clause 10 put and passed.

Clause 11: Part IV repealed and a Part substituted --

Mr BRIAN BURKE: I move an amendment --

Page 5 -- To delete "14" from paragraphs (b) and (d) of the proposed Section 29(1) and substitute "28".

This is a fairly self-explanatory change and it merely extends the period which members of building societies and credit unions have to object to a voluntary amalgamation or transfer of arrangement involving their society or credit union. It was considered on reflection that 14 days was inadequate and that 28 days was appropriate.

Amendment put and passed.

Mr MacKINNON: I move an amendment --

Page 7, line 9 -- To insert after the word "Minister" the following --
and agreement of the transferee society

Members will recall that during the second reading debate I indicated that concern had been expressed by both credit unions and building societies about the Bill as amended in the other House. As the Treasurer would be aware, there was quite a lengthy debate on this Bill in the other place, and many amendments were moved. The Government rejected many of those amendments in relation to a financial society, etc. The Opposition does not want to pursue the matter further than the debate in the other House because the Government gave a commitment, which we accept, to examine all of those matters which were raised -- primarily by Hon Max Evans and Hon Neil Oliver. The comment we got back from the building society industry was that it was concerned that under this proposed section, and also proposed section 29G, the registrar has the power to order that one society take another over.

Mr Brian Burke: The Government will accept this amendment.

Mr MacKINNON: I thank the Treasurer for that indication by interjection that he will accept the amendment. I sum up by saying that the industry expressed concern that the transferee society wanted the option of saying it did not want to be forced to take over another society. There may be good reason why that would be the case, and that society should have the right

to say no. I am pleased that the Treasurer has agreed to that request, which came to us from quite widespread sources within the industry.

Mr TRENORDEN: The National Party expresses its appreciation to the Treasurer for accepting this amendment. I have made several telephone calls to certain groups today and have ascertained that this was an area of concern. I am sure that people in the industry will appreciate that the Government has been prepared to take this amendment on board.

Mr BRIAN BURKE: This is a major amendment but in reality the Government accepts that it could not direct an amalgamation if the transferee -- that is, the accepting society or credit union -- was not prepared to accept the proposed amalgamation. So while it is a major amendment, it is also true that practically speaking it would have had to be the order of the day anyway.

Amendment put and passed.

The clause was further amended, on motion by Mr Brian Burke, as follows --

Page 8 -- To delete "the" in the first line of proposed section 29E(2).

Mr MacKINNON: I move an amendment --

Page 9, line 3 -- To insert after the word "Minister" the following --
and agreement of the Party taking control

This is a subsequent amendment to the first amendment I moved, so proposed section 29G(1) will now read --

Notwithstanding anything in this Act or the rules of a society (in this section called "the target society") the registrar may with the approval of the Minister and agreement of the Party taking control . . .

The rest of the clause follows on and is similar to the amendment which I moved to proposed section 29D.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 12: Section 31 amended --

Mr BRIAN BURKE: I move an amendment --

Page 10 -- To delete paragraph (c) and substitute the following paragraph --

(c) by inserting after subsection (2) the following subsections -

"(3) Where the rules of a society so provide, the Board may, by instrument in writing, delegate any or all of its powers under subsection (1), and in respect of matters ancillary thereto, to any person or body of persons of a prescribed class.

(4) Without limiting the application of sections 58 and 59 of the *Interpretation Act 1984*, a delegation under subsection (3) is subject, in addition to such conditions, qualifications, limitations or exceptions, if any, as may be specified in accordance with section 59(1)(b) of that Act, to such conditions, if any, as may be prescribed.

(5) A society shall not provide financial accommodation unless there are reasonable grounds for believing, before the application for financial accommodation is approved --

(a) that the person to whom financial accommodation is to be provided has, and will continue to have, an income or other financial resources sufficient to provide for the fulfilment of his obligations in respect of that financial obligation, or to which the financial accommodation relates; or

(b) where the financial accommodation is to be provided with security, that the security is adequate."

The amendment provides for directors to delegate their powers in the terms to which the amendment refers, and those powers can be delegated to approve financial accommodations. In addition, the unamended part of the Act charges directors with the responsibility of satisfying themselves of the credit worthiness of new borrowers. We had unintentionally put obligations on the directors which we did not intend to place on them. Rather, it was intended that directors have responsibility for ensuring that proper policies and procedures are in place to ensure there are reasonable grounds for believing that before a financial accommodation is approved, the borrower has or will continue to have income.

Essentially, what we are saying is that it is up to the directors to ensure that the proper procedures exist to ensure that people who borrow from, or involve themselves with, the organisation have the capacity to meet their obligations.

Mr COURT: Could the Treasurer explain why the directors are being given this responsibility. Is there concern, for example, that the directors of the Teachers Credit Society did not properly carry out their responsibility for checking that the people to whom they were lending money were suitable?

Mr BRIAN BURKE: I do not want to comment upon the performance of the directors of the Teachers Credit Society, for two reasons: Firstly, I am not competent to comment, and do not have the advice which would allow me to comment competently upon their performance. Secondly, in the fullness of time judgment will be made by others. That is appropriate, and that judgment will be available for public view.

Mr Court: How does that become public?

Mr BRIAN BURKE: It can become public in a number of ways.

As far as this amendment is concerned it was considered that the detailed requirements of the directors that were originally provided for were appropriate. Directors could not be involved in the sort of checking that the Bill demanded of them, but we believe that directors should be obliged to satisfy themselves that the ship is being run properly. That is what we are now doing. That stands on its own. It does not necessarily relate to Teachers Credit Society, but in due course people may see the example of the Teachers Credit Society as providing a basis for doing this.

Mr COURT: I appreciate the explanation which has been given. It is appropriate to say at this stage that there has been a lot of concern that the directors of both the Swan Building Society and the Teachers Credit Society were not well-informed about what was taking place. One of the lessons which has got to come from this whole sorry tale is that the directors do have responsibilities, and it is part of their job to ensure that they understand what is taking place. It would appear that it has been quite easy for officers to pull the wool over the eyes of the directors. The extent of the problems which were allowed to arise in both these cases show that the directors were either not fully or properly informed, or were not carrying out their duty. One of the lessons to be learned from this exercise is that directors do have responsibilities, and they cannot walk away from problems, as it would appear has been allowed to happen in this case.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 13 to 16 put and passed.

Clause 17: Section 42 amended and savings --

Mr MacKINNON: This clause states --
every permanent society shall --

(a) have, at the beginning of the financial year of the society that commences in 1989 and at the beginning of each financial year thereafter, net worth . . .

It goes on to deal with the relevant percentages.

How do we know if a permanent society in any year does not hit that figure? There may be a section in the Bill which imposes some discipline. Is there, for example, a public statement that building society X, Y, or Z has not met its requirement?

Mr Brian Burke: Do you mean, say, five years from now?

Mr MacKINNON: From 1989, or any year thereafter.

Mr Brian Burke: There are transitional procedures for the start, but you are talking about later on, are you?

Mr MacKINNON: As I understand this clause it says that at the beginning of any financial year thereafter the society has to meet specific requirements relating to its net worth. What happens if it does not? Can it apply for exemption, and if so, is that made public? What discipline is imposed upon the society, and how do we know that that has occurred in any event? Does the registrar have to make it public? If he does not, why not?

I put to the Treasurer that part of the problem in the Teachers Credit Society situation was that it was given some exemption but that was not made public for some time. I would appreciate some advice as to how, in this instance, that relates to this clause.

Mr BRIAN BURKE: I understand the question, and the answer is that the society or the credit union is obliged to notify the registrar. It only has two options: It can either meet that requirement, or obtain an exemption. If it fails to do one of those two things the registrar can do what is open to him within this Act. Ultimately he can direct that it cease to operate.

Mr MacKINNON: How does anybody, except perhaps the Treasurer, know that the exemption has been granted?

Mr BRIAN BURKE: There is no obligation for them to publicise that.

Mr MacKINNON: I would like the Treasurer to consider this and discuss with the industry that there be some public statement that the society did not comply, because this would place a very strong discipline on that society to comply. It would be good discipline, and an easy amendment to include some time down the track.

Clause put and passed.

Clauses 18 to 35 put and passed.

Clause 36: Section 92A inserted --

Mr MacKINNON: This relates to the levy which is now a part of this legislation and which is obviously an innovation. It was referred to in detail on pages 83 and 84 of the working party's report. The working party's recommendation said it would be undesirable and inappropriate for the Government to guarantee depositors' funds, and I would agree with that, but that both the building society and credit union movements should provide protection for their depositors as the need arose, or on an ongoing basis. The working party decided there should be provision in the amended legislation for reserve funds or deposit insurance funds to be activated. The report went on to say that the precise form of these funds should be the subject of further consultation with industry representatives. It said these discussions could determine whether the funds should be one-off, as circumstances warrant, or ongoing, the nature of the contributions, whether a uniform levy or variable between contributors, who will administer the scheme, and whether the coverage of deposits is to be full or partial.

This clause only goes part of the way to answering many of those questions; it leaves many unanswered. I would appreciate it if the Treasurer could give some answers. For example, when is it likely that we will see some resolution of the amount of the levy? How much is it likely to be, and on what basis is it to be levied? How is it to be administered? Will it be a one-off situation or an ongoing occurrence? As the working party report said, and as I think the Treasurer would agree, it would not be desirable to have a situation where the losses of building societies or credit unions were automatically guaranteed. As has been shown in the United States, that is a licence for the irresponsible in those societies to get on with the job of doing what they feel like, knowing that at the end of the day they will not lose anything because losses are underwritten. I would appreciate the Treasurer's comment on the levy.

Mr BRIAN BURKE: The levy provision provides for contributions to be collected, and it was not intended to be prescriptive. It is the Government's intention that detailed arrangements be considered in consultation with the industry. Specifically we are awaiting a submission from the Credit Unions Association as to the nature of the levy, and the answers to the questions the Leader of the Opposition asks will form the basis of the levy as it affects the credit unions. In respect of the associations, we are having detailed discussions with the building society industry and we hope to finalise those matters sooner rather than later; I

would hope in the next four to six weeks. The discussions will cover the administration of the fund, whether the contributions will be uniform or variable, and whether the fund will be permanent or temporary.

For example, the credit union industry has proposed the establishment of a reserve fund on the South Australian model. I am afraid I am not familiar with that. The Government has agreed to consider the proposal, and the industry is preparing a submission. That is the submission to which I referred. The answers to the questions will become clearer as the industry tells us what it wants to do.

Mr MacKinnon: Will the funds be mutually exclusive? In other words, will the credit union fund levy fund only credit unions or will it be a common fund covering both?

Mr BRIAN BURKE: I do not have advice on that, but I would think they would be absolutely exclusive and insulated from each other.

Mr Court: So there would be two separate funds?

Mr BRIAN BURKE: Yes, absolutely.

Mr COURT: While we are on the levy, can the Treasurer explain how many building societies are still operating in the State?

Mr Brian Burke: Seven.

Mr COURT: The Treasurer mentioned earlier that this new levy would be used to help pay some of the problems associated with the Swan Building Society. Are those building societies in a financial position to contribute to a levy because, as I understand it, Town and Country Building Society is the largest --

Mr Brian Burke: There are five ownership groups and each has said it is in a position and wants to contribute to an industry levy or reserve fund.

Mr COURT: I am wondering what size the levy will be and whether it will be gobbled up immediately in helping the Swan Building Society deal with its problems. What capacity do they have to pay as they also have to meet the new prudential requirements outlined in this legislation? Can the Treasurer indicate the amount of the levy and the total he would expect to raise? We are told some credit unions will be struggling to meet the new requirements, so will they be able to fund a levy charge? I am told some of the credit unions have been trying to raise capital with a new form of investment shares.

Mr Brian Burke: United Credit has been advertising.

Mr COURT: Will they be in a position to pay a worthwhile levy?

Mr BRIAN BURKE: The position of the credit unions, as outlined by the Deputy Leader of the Opposition, is the reason we have left it to the industry. The industry tells us that it wants to and can contribute to a levy. The situation is different for building societies. Home Building Society and Town and Country WA Building Society are both presently above four per cent and do not have far to go to reach the five per cent level. There are five ownership groups, two of which I have referred to, and they have all told us they will be able to contribute to a levy.

The Deputy Leader of the Opposition has asked essentially the same questions his leader asked about how big the levy will be. I cannot answer the question because I do not know. It will depend on the industry and its capacity. We will not be seeking to cripple them, but we think it is a prudent and a good measure to have an industry reserve fund, and the industry agrees. We will not be seeking to be onerous, but we will be seeking to have a sensible arrangement. If the contribution was 0.1 per cent of capital it would raise \$1.6 million from the building societies.

Mr Court: So if a building society wants a loan it will have to be quite substantial. It depends what contribution you are going to make to the losses on Swan Building Society.

Mr BRIAN BURKE: Of course, but we do not see this levy as the answer to the Swan Building Society situation. As I said previously, if it is a permanent or renewable levy one could build up a very substantial reserve fund within a few years.

Clause put and passed.

Clauses 37 to 51 put and passed.

Clause 52: Part IV repealed and a part substituted; regulations revoked --

Mr BRIAN BURKE: I move an amendment --

Page 26 -- To insert before the definition of "institution" in proposed section 36 the following definition --

"bank" means --

(a) a bank as defined by section 5 of the "Banking Act 1959" of the Commonwealth; or

(b) a bank constituted under the laws of this State;

This relocates the definition of a bank as part of the wider amendment which provides for full or partial transfers of credit union engagements, including to a bank. It is a fairly straightforward and orthodox amendment.

Amendment put and passed.

Mr BRIAN BURKE: I move an amendment --

Page 27 -- To delete "14" from paragraphs (b) and (d) of the proposed section 37B(1) and substitute "28".

This is in line and consistent with the amendment to the building societies' legislation for the period of notification of objection.

Amendment put and passed.

Mr MacKINNON: I move an amendment --

Page 29, lines 28 -- To insert after "Minister" the words "and agreement of the transferee".

Mr BRIAN BURKE: The Government is happy to accept that amendment.

Amendment put and passed.

Mr BRIAN BURKE: I move an amendment --

Page 29 -- To insert after "all" in proposed section 37G(1)(a) the following --
or a part of

The amendment allows for all or part of the credit union's engagements to be transferred. Previously we would have had to transfer all of the engagements and we might not have wanted to do that.

Amendment put and passed.

Mr BRIAN BURKE: I move the following amendments --

Page 29 -- To delete "or a permanent building society" in proposed section 37G(1)(a) and (2)(a) and substitute, in each case, the following --

, a permanent building society, or a bank

Page 29 -- To delete "or a permanent building society" in proposed section 37G(2)(b) and substitute the following --

a permanent building society, or a bank

Page 29 -- To delete "or a permanent building society" in proposed section 37G(3) and substitute the following --

, a permanent building society, or a bank

We inserted the definition and made provision for transfers to banks, defined banks, and now consequentially we are allowing for the transfer to, not only permanent building societies, but a bank.

Amendments put and passed.

Mr BRIAN BURKE: I move an amendment --

Page 30 -- To delete "Subsections" in proposed section 37G(5) and substitute the following --

Subject to subsection (6) subsections

This is consequential to the proposed amendments that were previously accepted. Those amendments allowed for the full or partial transfer of engagements.

Amendment put and passed.

Mr BRIAN BURKE: I move an amendment --

Page 30 -- To insert after proposed section 37G(5) the following --

(6) Where the transfer is of a part of the engagements of an institution section 37D(4) and (8) shall apply in respect only of such property, debts and liabilities as the Registrar specifies in a direction under subsection (1)(b).

This is a consequential amendment that depends for its meaning upon the ability of the registrar to transfer part of the engagements. It requires the registrar to specify that part of the engagements, namely the property, debts and liabilities, etc, that he is transferring.

Amendment put and passed.

Mr BRIAN BURKE: I move an amendment --

Page 30 -- To insert after "has" in proposed section 37G(6) the following --
all

This is consequential to proposed amendments to allow for full or partial transfer of encroachments.

Amendment put and passed.

The clause was further amended, on motions by Mr Brian Burke, as follows --

Pages 30 and 31 -- To delete proposed section 37I(2)(b) and (c) and substitute the following --

(b) a bank;

Page 31 -- To delete proposed section 37J(2)(b) and (c) and substitute the following --

(b) a bank;

Clause, as amended, put and passed.

Clauses 53 to 59 put and passed.

Clause 60: Section 54 amended --

Mr MacKINNON: Clause 60 states that section 54 of the principal Act shall be amended by repealing subsection (1). Subsection (1) of the Credit Unions Act states that except as otherwise provided in the Act a credit union shall not make a loan to any person except a natural person who is a member. That raises a very interesting question: If the Teachers Credit Society was a credit union, how did it engage in loans to commercial institutions and bodies, as I understand it did in the case of Laurie Potter and many others? The working party addressed this issue on pages 90 and 91 stating that the Credit Unions Act --

(Section 54(1)(2)) restricts credit union lending to natural persons who are members and reside within such district or within such class or persons specified in a special rule of a credit union.

Perhaps that is where it came in. It further stated that the Building Societies Act --

allows corporate members and does not differentiate between corporate and natural person members.

The comment was made that --

The CUA provisions (by reference to natural persons) was intended to exclude corporate lending but not lending to members for commercial purposes. The artificial distinction between lending to corporations and for commercial purposes should be removed.

They recommended that --

There be no restriction on corporate membership of permanent building societies and credit unions.

That recommendation has now been carried out and the Opposition agrees with it.

The question remains: Under what authority did the Teachers Credit Society engage in its quite massive corporate lending if this clause has any effect? If it does have effect, are the loans that have been made legally enforceable or, as the clause refers to a natural person, does that mean that the loans could be in doubt in terms of Teachers Credit Society pursuing the borrowers for the debt? I would appreciate the Treasurer's comments with regard to this clause and how it relates to the operations of Teachers Credit Society prior to its takeover.

Mr BRIAN BURKE: I am informed that the applications for loans to Teachers Credit Society were made by natural persons and that there is no question as to the legality of the loans because under section 140 of the existing Credit Unions Act the loans are legal even if they are ultra vires. In any case the loans were upon application by natural persons; that is, Laurie Potter applied for a loan as Laurie Potter.

Mr Court: But the loans were to a company. The loan was not given to the actual applicant.

Mr BRIAN BURKE: It may have gone to Laurie Potter trading as Laurie Potter Nominees or something like that. The question was asked whether it was legal to lend the money to a corporation. The loan was made to a natural person trading as a corporation. There is no doubt that it went to the corporation. This provision has been removed from the Act because it was found to be an ineffective way of policing that proposal.

Mr MacKinnon: Whom does the Teachers Credit Society pursue, Laurie Potter or the corporation?

Mr BRIAN BURKE: It pursues both in respect of the loans made to Laurie Potter trading as Laurie Potter Nominees.

Mr Court: You can make the loan to only one person; it can be to an individual or to a corporation.

Mr BRIAN BURKE: If the loan is made to Laurie Potter, trading as Laurie Potter Nominees, the member for Nedlands maintains that the Teachers Credit Society can only pursue one or the other.

Mr MacKinnon: Laurie Potter cannot trade as Laurie Potter Nominees.

Mr BRIAN BURKE: I must be confused. In any case the answer to the question is that the application was made by a natural person. I do not know who the Teachers Credit Society will pursue; I suggest it will pursue anyone it can. I can find that out for the Leader of the Opposition.

It is being removed from the Act because it was found to be an ineffective way of policing that provision and it was thought to be more appropriate to require people to try to put in place systems that would guarantee the probity or efficiency of their operation. As in other States, it is found more appropriate to make sure the proper loans are made rather than police the corporate personal lending provision by outlawing one or the other. People find a way around it.

Mr MacKinnon: You are indicating that the loans were made in each of those cases to the individual and not to the corporation?

Mr BRIAN BURKE: I do not know about Peter Tilli. I am told that in respect of the Potters group the applications were all in the name of a natural person.

Mr MacKinnon: Will you confirm that the other loans were made in the name of a natural person?

Mr BRIAN BURKE: I will find out that information for the Leader of the Opposition.

Clause put and passed.

Clauses 61 to 89 put and passed.

Title put and passed.

Report

Bill reported, with amendments, and the report adopted.

Third Reading

Bill read a third time, on motion by Mr Brian Burke (Treasurer), and returned to the Council with amendments.

GOLD BANKING CORPORATION BILL*Returned*

Bill returned from the Council with amendments.

Council's Amendments: In Committee

The Deputy Chairman of Committees (Dr Lawrence) in the Chair; Mr Brian Burke (Treasurer) in charge of the Bill.

The amendments made by the Council were as follows --

No 1.

Clause 10.

Page 8, lines 6 to 8 -- To delete paragraph (b) and substitute the following paragraph --

(b) to carry on the business of banking and provide international banking and other financial services in gold and money;

No 2.

Clause 11.

Page 9, line 31 -- To insert after "bodies" the following --

, for banking or investment purposes or for purposes related to the processing of tailings and other processed substances containing gold

No 3.

Clause 22.

Page 17, after line 20 -- To insert the following subclause --

(5) In this section, "cash equivalent", in relation to gold deliverable by Gold Bank in the form of gold coin on the redemption of an Australian Gold Note, means the current market price in Australian currency of that gold coin calculated in accordance with the prescribed terms and conditions in force at the time of issue of the Australian Gold Note.

No 4.

Clause 23.

Page 17, lines 25 to 27 -- To delete the definition of "Australian Gold Note" and substitute the following definition --

"Australian Gold Note" means a note of that name issued under this Part by Gold Bank;

No 5.

Page 17, lines 28 to 31 -- To delete the definition of "cash equivalent".

No 6.

Page 18, line 4 -- To delete "to be".

No 7.

Clause 24.

Page 18, lines 18 and 19 -- To delete paragraph (c) and substitute the

following paragraph --

(c) issued in the prescribed gold denominations and payable in gold coin;

No 8.

Page 18, after line 23 -- To insert the following paragraph --

(g) negotiable free of equities and transferable in the manner and subject to the prescribed terms and conditions in force at the time of issue of the relevant Note.

No 9.

Clause 25.

Page 18, after line 30 -- To insert the following subclause --

(3) The Australian Gold Notes Reserves Account shall be audited annually by Gold Bank's auditor appointed under section 65.

No 10.

Page 19, after line 11 -- To insert the following subclause --

(6) When gold standing to the credit of the Australian Gold Notes Reserves Account is used to redeem an Australian Gold Note, that gold --

(a) ceases to stand to the credit of the Australian Gold Notes Reserves Account; and

(b) becomes the sole property of the person from whom that Australian Gold Note was redeemed.

No 11.

Clause 27.

Page 19, line 20 -- To insert after "issue," the following --
redemption,

No 12.

Clause 66.

Page 43, lines 28 and 29 -- To delete "report on those accounts, the directors' statement and directors' report" and substitute the following --

reports, the directors' statements and directors' reports

No 13.

Page 43, lines 32 and 33 -- To delete "directors' statement, directors' report and auditor's report" and substitute the following --

directors' statements, directors' reports and auditor's reports

Mr BRIAN BURKE: I move --

That the amendments made by the Council be agreed to.

Question put and passed; the Council's amendments agreed to.

Report

Resolution reported, the report adopted, and a message accordingly returned to the Council.

House adjourned at 11.23 pm

QUESTIONS ON NOTICE

FUNDSCORP

Returns

2570. Mr COURT, to the Treasurer:

Will he please indicate in some detail how it is felt the Western Australian Development Corporation will, through its FundsCorp operation, be able to return to the State Treasury, the State Government Insurance Commission, the Government Employees Superannuation Board, and other instrumentalities now required to use FundsCorp, greater income than their own efficient and experienced management and investment policies would have been able to obtain?

Mr BRIAN BURKE replied:

The creation of FundsCorp is an extension of the philosophy that has been successfully applied to the management of the State's short-term cash surpluses -- attracting top professionals to WADC from the private sector to improve investment returns on Government and Government-related funds.

FundsCorp provides the opportunity for the substantial funds previously managed by three separate entities to be consolidated under one manager. This will result in considerable economies of scale and enable a performance-orientated funds management operation to be created.

TRANSPORT: ROAD

Interstate: Taxation Burden

2704. Mr CASH, to the Minister for Transport:

As the Interstate Commission review of Federal registration charges for interstate vehicles concluded that road transport is one of the highest taxed industries overall, contributing 40 per cent more tax than the average, what action does he intend to take to reduce the taxation burden on the road transport industry?

Mr TROY replied:

The greater part of taxation paid by the road transport industry is levied by the Commonwealth. The Western Australian Government presses, at every opportunity, for increased allocations of Commonwealth taxes to road funding. State charges on road freight operators are primarily related to the provision of the State's road system and are essential for the recovery of costs associated with that system. There is no case for a reduction in these charges.

ROAD FUNDING

Distribution: Report

2724. Mr RUSHTON, to the Minister for Transport:

- (1) Has he read "Road Outlook Western Australia 1987-1997" prepared by the Main Roads Department?
- (2) Has the Western Australian Government accepted the recommendations of the Cameron inquiry report for distribution of road funds to the States?
- (3) What percentage of Federal road funds will each State receive should the Cameron recommendations be introduced for --
 - (a) 1987-88;
 - (b) 1988-89;
 - (c) 1989-90;
 - (d) 1990-91;

- (e) 1991-1992?
- (4) Which recommendations of the Cameron report are now to be introduced by the Federal Government?
- (5) What percentage of Western Australian fuel franchise levy has been allocated for road funds for the years --
 - (a) 1986-87;
 - (b) 1987-88?
- (6) Acknowledging the present commitments and agreements for Federal and State road funds for Western Australia for the future, which level of road funding in terms of "Road Outlook Western Australia 1987-1997" can be maintained --
 - (a) 10 years;
 - (b) 12 years;
 - (c) 15 years;
 - (d) level A;
 - (e) level B;
 - (f) level C?

The answer was tabled.

(See paper No 544.)

GOVERNMENT INSTRUMENTALITIES

Annual Reports: Tabling

2726. Mr HASSELL, to the Treasurer:

- (1) How many reports of departments and/or authorities required under the Financial Administration and Audit Act have not been tabled?
- (2) What departments and authorities are concerned?
- (3) Will these reports be tabled before Parliament rises?

Mr BRIAN BURKE replied:

- (1) Five reports of departments and 239 reports of statutory authorities.
- (2) As per the list which I now table.
- (3) I am advised that reports of four of the remaining departments are to be tabled this week. The Auditor General has not yet issued his opinion in respect of the Department of Employment and Training, and it is therefore not known when this report will be available.

Authorities are subject to longer time frames for tabling, and it is uncertain how many will do so before Parliament rises. I should point out that 44 authorities have financial years which end later than 30 June.

(See paper No 546.)

TRANSPORT TRUST FUND

Payments

2737. Mr CASH, to the Minister for Transport:

- (1) How much was paid to the credit of the transport trust fund during 1986-87?
- (2) How were funds distributed from this fund in 1986-87, and what amounts were expended for the year?
- (3) What was the opening and closing balance of the transport trust fund for the respective dates 1 July 1986 and 30 June 1987?

Mr TROY replied:

(1) \$98 161 635.

(2) (a) Department of Transport \$2 202 363
 Transperth \$44 500 000
 Main Roads Department \$45 000 000
 Motor spirit subsidy \$394 362

(b) The Department of Transport allocations were fully expended. Transperth has transferred \$4 million of its 1986-87 allocation to fund services in 1987-88.

The \$45 million from the transport trust fund is credited in the normal way to the main roads trust fund with other State moneys. Expenditure of State funds is not itemised as to the source of the funds. Therefore, it is not possible to say exactly how much of this \$45 million has been spent at 30 June, although it can be stated all funds have been allocated for expenditure.

(3) I refer the member to my response to question 2702.

DERBY AIRPORT

Condition

2750. Mr CASH, to the Minister for Transport:

- (1) Is he aware of the condition of the Derby airstrip?
- (2) What action has he taken to liaise with his Federal counterpart to ensure that appropriate expenditure is committed to the Derby airstrip before it is necessary to close it to air traffic?

Mr TROY replied:

- (1) I am aware that the Derby aerodrome runway has been a cause for concern for some time and has now deteriorated to the point where regular jet services will have to be diverted to Broome during the wet season.
- (2) The future of Derby aerodrome has been the subject of lengthy evaluation and discussion between the Commonwealth, as the current owners of the aerodrome, and the Shire of West Kimberley-Derby. Close liaison has been maintained with the Commonwealth over developments arising from these discussions in order to ensure that the town's air service requirements will continue to be met in the future. However, the location of Derby's aerodrome and the nature and timing of any developments at the aerodrome are a matter for determination between the Commonwealth and the shire.

DERBY AIRPORT

Closure

2751. Mr CASH, to the Minister for Transport

- (1) Is he aware of the concern of residents of Derby of suggestions that the Derby airport may be closed down in an attempt to rationalise airport expenditure in the north west of the State?
- (2) If yes, does he consider that such action could jeopardise the massive State Government investment in the Derby townsite and surrounding area, and if so what action is he taking on this important matter?

Mr TROY replied:

(1)-(2)

To my knowledge there is no suggestion that Derby will be left without an aerodrome capable of receiving regular jet services. The key issue has been whether that aerodrome is to be located at the existing site or at the Derby South military installation. I understand that while the shire council favours the existing site, a number of ratepayers have expressed support

for a shift to Derby South.

DERBY AIRPORT

Takeover

2752. Mr CASH, to the Minister for Transport:

- (1) Is he aware of the desire of the Derby Shire Council to take over the Derby airport?
- (2) If yes, does he support the proposal, and if so what action has he taken to date to assist the council?

Mr TROY replied:

- (1) I understand that the Shire of West Kimberley-Derby has put a proposal to the Commonwealth to assume ownership of Derby and Fitzroy Crossing aerodromes.
- (2) The Government's concern is to ensure that adequate infrastructure is available to enable the maintenance of regular jet services to Derby and that the shire is appropriately advised in its dealings with the Commonwealth. Beyond ensuring that this is the case, it is the Government's view that the issue is a matter for the Commonwealth and the shire to determine.

DERBY AIRPORT

Service Curtailment

2753. Mr CASH, to the Minister for Transport:

- (1) Is he aware of the concern of Derby residents that the major commercial airline company which services Derby may have to curtail its service to Derby because of the continued deterioration of the Derby airstrip?
- (2) Is he aware that if Derby is bypassed as part of a scheduled route in favour of additional services into Broome, passengers for Derby will be required to take a two and one half hour coach trip to reach their destination?

Mr TROY replied:

- (1) I am aware that regular jet services to Derby will have to be diverted to Broome during the coming wet season because of the condition of the Derby runway. This is a matter of concern to all involved. It has been brought about by the unwillingness of the Commonwealth to expend upgrading funds on the existing runway before the question of aerodrome location is settled with the shire.
- (2) I am aware that a regular coach service will be required to ferry Derby passengers to and from Broome during the coming wet season. This is strictly a temporary arrangement pending the settlement of the question of the future of Derby aerodrome and/or the necessary upgrading work being completed.

GARY MICHAEL NARKLE

Offence: Wrongful Conviction

2754. Mr CASH, to the Minister representing the Attorney General:

- (1) Has he received a letter from a Mr Simon Narkle claiming that his son, Gary Michael Narkle, may have been wrongly convicted of a serious offence due to the mistaken identification by a witness?
- (2) Is yes, what action has he taken to have these allegations investigated?

Mr PETER DOWDING replied:

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

TRANSPERTH
Employees: Previous Service

2755. Mr CASH, to the Minister for Transport:

- (1) Is he aware that some employees of Transperth are likely to be disadvantaged as a result of threats by Transperth not to recognise their service to private bus companies prior to those private bus companies being taken over by Transperth?
- (2) If yes, as this dispute is causing confusion and delays in employees determining whether they should join the new superannuation scheme, will he take immediate action to rectify this matter and ensure that Transperth honours agreements made with employees in past years?

Mr TROY replied:

(1)-(2)

Transperth is making no "threats". It is not Transperth's prerogative to "recognise service" in relation to superannuation. I am aware some employees could be affected if the Superannuation Board does not accept their service with private bus operators prior to being taken over by Transperth as service for the purpose of calculating entitlements under the new superannuation scheme.

Transperth has written to the Superannuation Board setting out a case for acceptance of this service, and I made a submission to the Minister responsible for the Superannuation Board on the matter.

BROOKTON HIGHWAY-CANNING ROAD, KARRAGULLEN
Junction

2757. Mr RUSHTON, to the Minister for Transport:

- (1) Is he aware that the bypass road between Brookton Highway and Canning Road, Karragullen, has been closed?
- (2) Is he aware that there have been numerous objections to the junction of the two roads at Karragullen?
- (3) Is he aware that large fruit trucks which frequently use this junction find it dangerous to make the turn?
- (4) What works are planned to make this junction safe?

Mr TROY replied:

- (1) Yes. The City of Armadale closed the slip road and modified the junction of Canning Road and Brookton Highway during August 1987.
- (2) Yes.
- (3) The modified junction requires considerable care by drivers in order to turn with safety in its present condition.
- (4) Plans to improve the junction by widening and channelisation have been agreed between the council and the Main Roads Department, and it is understood that the council plans to start work in December 1987.

PLANNING: CANAL DEVELOPMENT
Dawesville: Cost Estimate

2759. Mr HASSELL, to the Minister for Conservation and Land Management:

- (1) Further to question 2728 of 1987 concerning the proposal for a cutting between the Mandurah Estuary and the ocean, is it the understanding of the Government that the cost estimate of the cut has risen substantially?
- (2) If so, what is the new estimate?

Mr HODGE replied:

(1)-(2)

I understand that details of the cutting between the Mandurah Estuary and the ocean are included in the environmental review and management programme stage 2 for the Peel-Harvey estuarine system. When I receive a copy of this document and the Government considers its recommendations, I will be in a better position to answer this question.

PARLIAMENT HOUSE

Paintings: Originals

2760. Mr HASSELL, to the Speaker:

Having regard to recent arrangements to bring original paintings on loan from the Art Gallery to Parliament House, can further arrangements be made to hang in the House, in some suitable place, the originals which belong to Parliament of the paintings the pale imitations of which presently hang in the dining room corridor?

The SPEAKER replied:

Yes.

COMMUNITY SERVICES: CHILD ABUSE

Task Force: Report

2762. Mr MACKINNON, to the Minister representing the Minister for Community Services:

- (1) Has a report been completed by the task force appointed to look into the issue of child abuse?
- (2) If not, when is it anticipated that the report will be completed?
- (3) Who are the members of the task force?

Mr WILSON replied:

- (1) No.
- (2) This month.
- (3) The members of the task force are --

Dr Carmen Lawrence, MLA, Subiaco -- Chairperson;
 Dr Jane Gardner, Princess Margaret Hospital for Children;
 Moira Rayner, Law Reform Commission;
 Lee Goodard-Williams, Health Department;
 Jane Brazier, Department for Community Services;
 Nancy Rehfeldt, Incest Survivors Association;
 Ian McAlpine, Private Psychiatrist;
 John Fussell, Education Department;
 Sheila McHale, Women's Interests Division, Department of the Premier and Cabinet;
 Petrice Judge, Health Department;
 Det. Inspector Barrie Rolinson, Police Department;
 John McKechnie, Crown Law Department.

WATER RESOURCES: DAM

Harris River: Alternative Site

2764. Mr RUSHTON, to the Minister for Water Resources:

- (1) Is it still practical to consider siting the Harris River Dam on the site alternative to the announced site?
- (2) If no, will he please give me the reasons why the announced site is preferred to the alternative site for the dam?

Mr BRIDGE replied:

- (1) No.
- (2) The site selected minimises the resumption of private land holdings required for construction of the dam and reservoir, provides adequate water reserves for the great southern towns water supply, and has the potential to improve the management of the salinity of water provided to the Collie irrigation district.

HOSPITAL

Bentley: Psychogeriatric Patients

2765. Mr BRADSHAW, to the Minister for Health:

- (1) Will patients from the psychogeriatric section of the Bentley Hospital be moved to make way for psychiatric patients from Heathcote Hospital?
- (2) If yes, where will these patients be moved?
- (3) Approximately how many will be affected?
- (4) Will the psychiatric unit at Bentley Hospital have a security section?

Mr TAYLOR replied:

- (1)-(4) The role of the Bentley Lodge following the closure of Heathcote is currently under consideration.

PUBLIC SERVANTS

Statutory Authority Boards

2766. Mr MENSAROS, to the Minister for Public Sector Management:

- (1) Does the longstanding rule still prevail that if a public servant is a member of a board of a statutory authority, he does not receive remuneration as do outside, non-public servant members of that board?
- (2) If that rule does not prevail any more, what is the new rule?

Mr BRIAN BURKE replied:

- (1) Yes. However, a discretion is available to the Public Service Board to approve remuneration in appropriate circumstances.
- (2) Not applicable.

SEWERAGE PROJECTS

Asset Investment Programme

2767. Mr MENSAROS, to the Minister for Water Resources:

- (1) What are the reasons for omitting from the 1987-92 corporate plan's asset investment programme the following infill sewerage projects which were included in the previous 1986-91 corporate plan --
 - (a) Project S04 137 Redcliffe 2J -- \$202 000 in 1990-91;
 - (b) project S04 178 Kewdale 5F -- \$122 000 in 1990-91;
 - (c) project S04 179 Kewdale 6F -- \$209 000 in 1990-91;
 - (d) project S04 200 Belmont 5A + PS/RM -- \$344 000 in 1988-89;
 - (e) project S04 200 Belmont 5A + PS/RM -- \$2 374 000 in 1989-90;
 - (f) project S04 200 Belmont 5: + PS/RM -- \$992 000 in 1990-91;
 - (g) project S04 204 Belmont 9A -- \$1 690 000 in 1990-91?
- (2) Why has the Water Authority of Western Australia not consulted the City of Belmont before deciding to omit these proposed works from its five-year plan?
- (3) Will he give a firm assurance that the works will be reinstated without time loss in the next corporate plan to prevent the high degree of failure to replace cisterns caused by the high water table and resulting in

considerable expense to the city?

- (4) If not, why not?

Mr BRIDGE replied:

- (1) The authority has revised the list of proposed capital projects for the City of Belmont area for the five-year period 1987-92 as part of the normal annual review of the corporate plan. The priorities for infill sewerage reticulation in the City of Belmont have not changed, but timings for some projects have been rescheduled to the post-July 1992 period.
- (2) All local authorities are kept informed of the results of the annual review of the corporate plan through the distribution of the corporate plan documents and maps showing location of projects. In addition, the chief executives and senior staff of all local authorities in the Perth south region of the authority, which includes the City of Belmont, were invited to attend a comprehensive briefing session at the Water Authority on 21 September 1987 to discuss the corporate plan and list of projects. All local authorities were invited to make further contact with authority staff if they had concerns or questions about any aspect of the plan or list of projects.

It should be noted that projects S04.178 and S04.179 are located in the City of Canning.

- (3)-(4)

The list of projects in the five-year corporate plan is not a fixed programme or monetary budget. The timing of any projects to be included in the next corporate plan depends on variations in development patterns, other external factors, and availability of funds. These factors may change the timing of projects in the plan, particularly in the later years. Specifically, the trend to lower availability of capital funds, and the desire of the authority to minimise increases in sewerage rates for its customers, will mean that infill sewerage works may proceed less quickly than in the past.

MEDIA MONITORING UNIT

Transcript Service

2768. Mr LIGHTFOOT, to the Premier:

- (1) Will he provide a transcript service to the Opposition, similar to the service provided to the Government members from the Media Monitoring Unit?
- (2) If not, why not?

Mr BRIAN BURKE replied:

- (1)-(2)

The Media Monitoring Unit provides information for Cabinet Ministers only. It would require considerable additional resources to expand the service to provide transcripts for Opposition members. The Government has resisted requests from within the Government and from backbenchers to make the service more widely available. Where possible the Government Media Monitoring Unit cooperates with the Parliamentary Library to provide information for members of Parliament. I am sure that with the Opposition's stated commitment to smaller Government, they would not expect the Government to expand the unit.

INDUSTRIAL DEVELOPMENT

Professional Development Land: Kwinana

2769. Mr COURT, to the Minister for Housing:

- (1) Is Homeswest responsible for providing land suitable for professional development in the Kwinana area?
- (2) If yes, is there an adequate supply of land for development?
- (3) What is the current demand for land for professional developments?

Mr WILSON replied:

- (1) Homeswest is presently the principal developer of land within the Kwinana town site, including residential and infrastructure to support the community.
- (2) Yes. Homeswest is ensuring a continuous supply of residential and commercial land.
- (3) Based on inquiries and results of land offered for sale, there is only minimal identified demand for land for professional purposes.

FISHERIES: CRAYFISH

Economic Market Factors

2770. Mr CRANE, to the Minister for Fisheries:

- (1) Further to my question 2448 of 1987 referring to the crayfish pool for 1985-86, can he detail any economic market factors which adversely affect this pool relevant to the 1984-85 or 1986-87 pools?
- (2) Will he please state specifically the particular reasons which are claimed to cause the drop in the 1985-86 pool?
- (3) If no, why not?

Mr GRILL replied:

(1)-(3)

As set out in my answer to question 2448 of 1987, the pool price paid is a reflection of the selling success of each cooperative and company. The major markets for rock lobster are in the USA and Japan. The department does not have data on the economic market factors which determined the final pool price paid.

FINANCE BROKERS SUPERVISORY BOARD

Annual Report

2771. Mr MacKINNON, to the Minister for Consumer Affairs:

- (1) Can he explain why the Finance Brokers Supervisory Board's annual report was completed on 4 February 1987, yet not tabled in the Parliament until 24 November 1987?
- (2) Can he reassure the House that in future bodies like the Finance Brokers Supervisory Board that are under his ministerial control will have the reports tabled in the Parliament as soon after they have been completed as is practically possible?

Mr TAYLOR replied:

- (1) There was no record of the report being received in my office until 23 November 1987.
- (2) Yes.

CONSERVATION AND LAND MANAGEMENT DEPARTMENT

Geographic Information Computer System: Tenders

2773. Mr MacKINNON, to the Minister for Works and Services:

Would he explain to me why a Western Australian company was not selected for the tender referred to in question 2507 of 18 November?

Mr PETER DOWDING replied:

The State Tender Board called a contract for a geographic information computer system for the Department of Conservation and Land Management. After evaluation of offers received, the contract was awarded as follows --

Integrgraph Corporation Pty Ltd -- computer hardware, value \$375 605;

Cadtech Australia Pty Ltd -- plotter, value \$19 125;

E.R.S.I. Australia Pty Ltd -- software, value \$52 785.

E.R.S.I. Australia Pty Ltd and Integraph Corporation Pty Ltd are Western Australian registered companies.

LOTTERIES COMMISSION
Professional Fund Managers

2774. Mr MacKINNON, to the Minister for Racing and Gaming:

Is the Western Australian Development Corporation or FundsCorp one of the professional fund managers whom the Lotteries Commission is in discussion with, as referred to by her in answer to question 2697 of 25 November?

Mrs BEGGS replied:

I have not yet been advised by the commission of the details of the negotiations. I would expect to be advised when the decision has been made.

HOSPITAL
Rockingham: Capital Works

2777. Mr MacKINNON, to the Minister for Health:

- (1) What capital works are being carried out at Rockingham Hospital during the current financial year?
- (2) What is the total value of those capital works?
- (3) When will they be completed?

Mr TAYLOR replied:

- (1) None.
- (2)-(3) Not applicable.

STOCK: RABBITS
Farming: Intensive

2778. Mr MacKINNON, to the Minister for Agriculture:

- (1) Has the Government agreed to allow intensive rabbit farming?
- (2) When was that decision made?
- (3) How many approvals have already been given to any individual, or organisation, to undertake intensive rabbit farming?
- (4) What conditions apply to those approvals?
- (5) In what other States of Australia has approval been given to allow intensive rabbit farming?

Mr GRILL replied:

- (1) Yes.
- (2) 16 November 1987.
- (3) None to date.
- (4) Conditions applying to approvals will include --
Facilities must comply with security details to prevent the escape of animals;
permits will not be transferable;
the use of Shope's fibroma and similar vaccinations against myxomatosis will not be permitted;
free-range farming will not be allowed; commercial farms will be restricted to intensive operations;

only specific breeds of commercial, domesticated rabbits will be permitted;
 the minimum size farm permitted will consist of 200 breeding does;
 a code of welfare for rabbit keeping must be adopted;
 all necessary local, State, and Federal Government requirements must be met.

- (5) New South Wales has previously approved one commercial rabbit farm, but has not given general approval. Most States are considering approval of rabbit farming.

TRAFFIC LIGHTS

Stock-Yangebup Roads Intersection

2779. Mr MacKINNON, to the Minister for Transport:

- (1) During the year ending 30 June 1988, will traffic signals be installed at the intersections of --
- (a) Yangebup Road and Stock Road;
 - (b) Barrington Street and Stock Road;
 - (c) Spearwood Avenue and Rockingham Road?
- (2) If the answer is no to any of the above, when is it likely that traffic signals will be installed at these intersections?

Mr TROY replied:

- (1) (a) Yes, subject to the City of Cockburn undertaking associated minor roadworks;
- (b) no;
 - (c) no.
- (2) The programme for signal installation is reviewed annually. Sites (b) and (c) do not currently have high priority but will be considered in subsequent annual reviews.

SOUTH STREET

Widening

2780. Mr MacKINNON, to the Minister for Transport:

Has the Federal Minister for Transport approved funding to be provided to the Melville City Council for the purpose of widening South Street, east of Karel Avenue, during the year ending 31 December 1988?

Mr TROY replied:

A response from the Federal Minister is expected shortly on this proposal, which is part of a number of initiatives in the 1987-88 programme.

TRANSPORT: BUSES

School: Canning Vale

2781. Mr MacKINNON, to the Minister for Transport:

- (1) How many buses currently service the Canning Vale area?
- (2) To which schools do the buses transport children?
- (3) How many school buses is it anticipated will be required for this purpose in 1988?

Mr TROY replied:

- (1) Two buses as follows --
- (i) 8.20 am, special 813, from Battersea and Clifton Roads to Thornlie Senior High School;
 - 3.35 pm, special 4, from Thornlie Senior High School to Battersea

and Clifton Roads;

- (ii) 8.15 am, special 894, from Clifton and Fraser Roads to Canning Vale Primary and Lynwood Senior High Schools;
3.40 pm, special 894, from Lynwood Senior High School to Fraser and Clifton Roads, via Canning Vale Primary School.
- (2) Lynwood Senior High School, Canning Vale Primary School, and Thornlie Senior High School.
- (3) Two buses. However, one of the buses is dependent on the Education Department continuing to require the charter arrangement.

STATESHIPS

Singapore Accommodation

2783. Mr CASH, to the Minister for Transport:

- (1) What was the cost of the Dynasty Hotel in Singapore for accommodating the Stateships crew during dry docking in January 1985?
- (2) Why were the crew not put into a more economical hotel?

Mr TROY replied:

- (1) \$17 924.
- (2) The Singapore agents secured a competitive price from the Dynasty Hotel by virtue of a block booking. Based on that price and the prevailing accommodation position in Singapore at the precise time required by Stateships, the crew were accommodated as stated.

STATESHIPS

Crew Numbers

2786. Mr CASH, to the Minister for Transport:

- (1) What are crew numbers in total, aboard the Stateships Hamlet class ships?
- (2) What is the present manning of sister vessels operated by foreign owners?
- (3) How much money was spent in altering the original crew accommodation in the three Hamlet class vessels to suit the Maritime Union directives?

Mr TROY replied:

- (1) 31 crew members plus two trainees on each ship.
- (2) Sister ships are operated under Vietnamese, Russian, and Egyptian flags. While we do not have details of the precise manning, we understand that it is higher than the Stateships vessels in each case. If the member requires a definitive answer, we will endeavour to obtain this information from overseas.
- (3) The member will recall that the expenditure referred to was authorised when the Opposition was in office. The amounts involved were --

MV *Kimberley* -- Nil; vessel built to Australian standards;

MV *Pilbara* -- \$700 000;

MV *Koolinda* -- \$700 000.

TRANSPORT: BUSES

School: Canning Vale

2788. Mr MacKINNON, to the Minister for Education:

- (1) How many buses currently service the Canning Vale area?
- (2) To which schools do the buses transport children?
- (3) How many school buses is it anticipated will be required for this purpose in 1988?

Mr PEARCE replied:

- (1) Two Transperth buses; two contract school buses.
- (2) Armadale SHS, Cecil Andrews SHS, Thomlie SHS, Lynwood SHS, Forrestdale PS, and Canning Vale PS.
- (3) Three.

CRIMINAL RECORDS

Expunging

2789. Mr CASH, to the Minister representing the Attorney General:

- (1) What is the current situation with respect to the expunging of criminal records in Western Australia?
- (2) Does the Attorney General propose any changes, and if so when will these changes be introduced to the Parliament?

Mr PETER DOWDING replied:

- (1) The Government is currently considering submissions received on the WALRC report.
- (2) The Government hopes to be in a position to introduce legislation in 1988.

TRANSPORT: RAILWAYS

Walkaway: Train Speeds

2790. Mr CASH, to the Minister for Transport:

- (1) Has he received correspondence from Mrs Margaret White advising of the concern of both herself and other residents of Walkaway at the speed at which trains pass through the country town of Walkaway?
- (2) What action has he taken to reply to Mrs White on the matters that she has raised, and also what further action has he taken to ensure that trains slow down as they pass through Walkaway?
- (3) Has he neglected to provide Mrs White with statistical data to indicate the cost involved in slowing a train down and then increasing its speed after it has passed through the town?
- (4) If so, why?

Mr TROY replied:

- (1) Yes.
- (2) Four letters have been received from Mrs White, including one sent to all members of Parliament. All have been replied to with the exception of the most recent letter, which was received on 25 November. This will be answered shortly.

In the absence of evidence to demonstrate that the crossing requires greater protection than that already decided on by the railway crossing protection committee, lowering of the present train speeds cannot be supported.

(3)-(4)

No, my letter of 19 November to Mrs White indicated the additional costs involved. Mrs White has raised this aspect again in her latest letter, and this is being examined.

TANKER JETTY

Esperance

2792. Mr COURT, to the Minister for Transport:

- (1) Who owns the tanker jetty at the Esperance Port?
- (2) Who is responsible for its maintenance?
- (3) What proposals have been put to the Government for its future maintenance?

Mr TROY replied:

- (1) The tanker jetty is vested in the Esperance Port Authority.
- (2) Under an existing agreement which expires on 30 June 1988, funding for maintenance of the jetty is provided by the State and shire on a 3:1 basis. Maintenance work is carried out by the Esperance Port Authority as owner of the jetty, utilising the above funding.
- (3) The Esperance Shire Council has approached the Government seeking a review of the existing agreement. This request is presently being considered.

WATER RESOURCES: CORPORATE PLAN
City of Belmont

2793. Mr BRADSHAW, to the Minister for Water Resources:

- (1) Has the Water Authority revised the corporate plan for 1987-92 compared to the 1986-91 plan for the City of Belmont area?
- (2) If so, have areas for sewerage extensions been deleted?
- (3) If so, why?

Mr BRIDGE replied:

- (1) The authority has revised the list of proposed capital projects for the City of Belmont area for the five-year period 1987-1992 as part of the normal annual review of the corporate plan.
- (2) The priorities for infill sewerage reticulation in the City of Belmont have not changed, but timings for some projects have been rescheduled to the post-July 1992 period.
- (3) The outlook for availability of funds for capital works is lower than previously expected.

HOSPITALS
Elective Surgery: Commonwealth Funding

2794. Mr BRADSHAW, to the Minister for Health:

- (1) Adverting to question 2668 of 1987, was \$1.122 million the total amount available from the Commonwealth Government?
- (2) Is this a once-only allocation, or will this amount be available in the next financial year?

Mr TAYLOR replied:

- (1) At this time, yes; but depending on our needs, it may be possible to obtain additional funds.
- (2) The programme announced by the Commonwealth covered two financial years, and we have at this time agreed in relation to 1987-88.

SOUTH WEST DEVELOPMENT AUTHORITY
Budget Allocation: Administration

2795. Mr BRADSHAW, to the Minister for The South West:

Adverting to question 2423 of 1987, would he please give a breakdown of the grants, subsidies, and transfer payments?

Mr GRILL replied:

The amount of \$362 000 is the Western Australian Treasury Department assessment of interest charges and capital repayment on funds borrowed. Funds were approved in the Western Australian Government borrowings programme in 1987-88 for the following --

1. \$170 000 carry-forward interest and capital debt charges from previous financial years for land purchases in the Glen Iris area.
2. \$192 000 anticipated interest and capital charges on the following

approved projects for 1987-88 --

| | |
|---|-----------|
| Boyup Brook -- Rylington Park | 50 000 |
| Bunbury central business district development | 300 000 |
| Collie community centre | 500 000 |
| Collie day care centre | 100 000 |
| Land acquisition, Glen Iris | 505 000 |
| Leschenault peninsula development | 50 000 |
| Manjimup community centre -- planning fees | 20 000 |
| | 1 525 000 |

MR JOHN MANT

Previous Employment

2796. Mr RUSHTON, to the Minister for Planning:

- (1) Has Mr John Mant, appointed to inquire into planning procedures for central Perth, worked for the --
 - (a) Whitlam Government;
 - (b) Department of Urban and Regional Development; or
 - (c) Hawke Government?
- (2) If yes to (1)(a), (b), or (c), what appointment did he hold and what task did he carry out?
- (3) Will he please table any reports which Mr Mant has prepared for the Western Australian Government and for (a), (b), and (c) listed in (1)?

Mr PEARCE replied:

(1)-(2)

See tabled curriculum vitae for John Mant.

(3) I have no knowledge of or access to any reports prepared by Mr Mant.

(See paper No 545.)

PARLIAMENT: DISTURBANCE

Criminal Offence

2797. Mr COURT, to the Premier:

- (1) Is he aware that the Criminal Code states that any person who advisedly --
 - (a) disturbs either House of Parliament while in session; or
 - (b) commits any disorderly conduct in the immediate view of either House of Parliament while in session, tending to interrupt its proceedings or to impair the respect due to its authority,
 can be found guilty of committing a criminal offence?
- (2) Would he ask for an opinion from the Attorney General on whether the actions of the Speaker on the evening of Thursday, 19 November contravene the Criminal Code, and would he advise the House when he receives this opinion?

Mr BRIAN BURKE replied:

- (1) Yes.
- (2) No. The Parliament is considered the proper place for the regulation of proceedings and for the resolution of such matters.

STATE ENERGY COMMISSION

Union Negotiations

2798. Mr HASSELL, to the Minister for Minerals and Energy:

- (1) In relation to the national wage case decision, March 1987, for the second tier increase and recent negotiations and settlement between the State and unions involved, and having regard to the list of matters identified by the

State Energy Commission for consideration in examining changes, were these matters dealt with in the settlement with the SEC unions?

- (2) Which of the list of matters for consideration of change was dealt with so that change was effected?
- (3) What unsatisfactory work practices remain in the SEC?
- (4) What action is being taken in relation to them?

Mr PARKER replied:

The member is advised that the Minister to whom the question is addressed is currently overseas. The member will receive a reply in writing immediately upon the Minister's return.

CRIME: ASSAULT

Blind Person: Offenders

2800. Mr HASSELL, to the Minister for Police and Emergency Services:

- (1) Further to question 2125 of 1987 concerning newspaper reports of the blinding of a boy by "punk" girls, has the charge yet been disposed of by the courts?
- (2) If so, with what result?

Mr GORDON HILL replied:

- (1) The matter was disposed of in the Children's (Suspended Proceedings) Panel, Fremantle on 29 October 1987.
- (2) The charge was dismissed.

POLICE: ARRESTS

Minor Offences

2801. Mr HASSELL, to the Minister for Police and Emergency Services:

- (1) Do the police undertake arrests for minor offences such as non-payment of traffic fines, at late hours of the night?
- (2) Is there any policy or practice to pursue such matters at late or unusual hours?

Mr GORDON HILL replied:

(1)-(2)

The member, through past experience as a solicitor and former Minister for Police and Traffic, should be aware of the problems confronting police in the circumstances briefly outlined. The difficulty confronting police in the type of case in question is that when a person, having been convicted, defaults in payment of a fine, a magistrate or justice issues his warrant for the arrest of the defaulter.

Section 37 of the Justices Act reads --

All police officers are hereby required to obey the warrants, orders and directions of a justice which in that behalf are granted, given or done, and to do and perform their several offices and duties in respect thereof under the pains and penalties to which a police officer is liable for a neglect of duty.

Once a warrant is direct to a police officer, he inherits an obligation to execute it; and if the defaulter is not home during reasonable hours, or is difficult to locate, or constantly moves his place of abode, or police efforts to apprehend are frustrated in any other way, the officer must use his discretion as to how to effectively discharge his obligation under section 37 of the Justices Act. Accordingly, there is no specific policy or practice laid down. However, if there is a specific incident or a matter which has given the member some concern, his constituent may complain to the Commissioner of Police or Ombudsman and have the matter inquired into.

TELECOM CHARGES
Investigation

2802. Mr HASSELL, to the Minister for Consumer Affairs:

- (1) Is he aware of the introduction by Telecom of significant new charges for the investigation and analysis of its equipment in situations where a customer questions charges made by Telecom?
- (2) Would he consider such a system acceptable in the private sector?
- (3) Does he believe it should be pursued by Telecom?
- (4) If not, will he, on behalf of the Government, make representations to Telecom on the basis that it is the responsibility of Telecom to satisfy its customers of the charges being levied without charging the customers for doing so?

Mr TAYLOR replied:

- (1)-(4) Telecom is a Commonwealth instrumentality, and the matter will be referred by me to the appropriate Federal Minister for advice and comment.

RURAL ADJUSTMENT AND FINANCE CORPORATION
Loans

2806. Mr HOUSE, to the Minister for Agriculture:

- (1) For the financial year 1986-87, how many Rural Adjustment and Finance Corporation loans were issued under each of the following categories --
 - (a) special carry on;
 - (b) farm build-up;
 - (c) drought relief;
 - (d) farm water supply?
- (2) What was the amount of funds expended in each of the above categories?
- (3) How many people received loans in each of the above categories?

Mr GRILL replied:

- (1) For the financial year 1986-87, the Rural Adjustment and Finance Corporation approved the following loans --
 - (a) special carry-on -- nil. The special carry-on scheme did not operate in 1986-87;
 - (b) farm build-up -- 44 loans totalling \$4 681 925;
 - (c) drought relief -- nil. There were no drought declarations in 1986-87;
 - (d) farm water supply -- 18 loans totalling \$163 576.21.
- (2)-(3) Actual advances made were as follows --
 - (a) special carry-on -- nil;
 - (b) farm build-up -- 25, totalling \$2 292 322.70;
 - (c) drought relief -- nil;
 - (d) farm water supply -- total advances of \$166 366.26. Actual statistics for number of people receiving advances are not kept but it is considered that the majority of approved loans were advanced.

It should be noted that in addition to the above loans, 139 loans for debt reconstruction totalling \$13 801 446 were approved, together with six loans totalling \$315 535 for farm improvement. Of the debt reconstruction

loans, 118 totalling \$12 278 446 were non-State loans supported by a RAFCOR interest subsidy but funded from commercial lending sources.

TECHNICAL AND FURTHER EDUCATION

Pre-apprenticeship Courses

2807. Mr SCHELL, to the Minister for Education:

- (1) How many persons applied for the 1987 pre-apprenticeship scheme at Technical and Further Education colleges?
- (2) How many actually enrolled?
- (3) How many dropped out during the year?
- (4) Is he able to advise the anticipated number of applications and enrolments for 1988?

Mr PEARCE replied:

- (1) 2 093.
- (2) 722.
- (3) 170.
- (4) 2 150 and 773.

WATER RESOURCES

Pingaring: Extension

2808. Mr COWAN, to the Minister for Water Resources:

- (1) Has he received a request from the Shire of Kulin that the mains water supply be extended to the Pingaring townsite?
- (2) If yes, when does he expect to be able to respond to the request?
- (3) How many --
 - (a) household;
 - (b) commercial enterprises other than farms, draw from the existing water supply at Pingaring?

Mr BRIDGE replied:

- (1) Yes.
- (2) I have responded to the shire's representation.
- (3)
 - (a) Five domestic services;
 - (b) one commercial, four general purposes, and one vacant land.

TRADESMEN

Country Towns: Shortage

2809. Mr SCHELL, to the Minister for Labour, Productivity and Employment:

- (1) Is he aware that some country towns experience a lack of qualified tradesmen?
- (2) What action is being taken to alleviate the situation?

Mr PETER DOWDING replied:

- (1)
 - (a) Skills shortage in Australia is an issue to which I have been drawing the community's attention since I became Minister with responsibility for the Department of Employment and Training and formed an important basis of policies and directions of the Burke Labor Government since its election in 1983;
 - (b) at the time of our election and subsequently, we repeatedly warned industry, unions, and the community that without an adequate investment in skills training, Australia would face significant skills shortages as we moved through this decade. Regrettably, our

concerns have been shown to be fully justified;

- (c) a range of State and Federal Government initiatives have led to a significant increase in the community awareness of the problem and an increased understanding among industry of the need for its investment in skills training has emerged;
- (d) the absurd fact of skills shortages despite current levels of unemployment is regrettable and only through a combined approach of Government, industry, the unions, and the community generally will we satisfactorily address this issue.

(2) See (1).

LOCAL GOVERNMENT: PECUNIARY INTERESTS INQUIRY
Members

2810. Mr RUSHTON, to the Minister for Local Government:

- (1) Who are the members of the Government inquiry into pecuniary interest provisions?
- (2) What are the members' credentials for appointment to the inquiry?
- (3) What are the terms of reference for the inquiry?
- (4) Knowing that a member of Parliament and Minister of the Crown have cast doubts upon the integrity of councillors and staff of the City of Perth, will the inquiry be open to the public?
- (5) If no to (4), will the councillors and staff of the City of Perth be allowed to release provisions made for that part of the inquiry dealing with the City of Perth to be open to the public?

Mr CARR replied:

- (1) The members of the committee of inquiry have not yet been announced. I have been informed by the Associations of Local Government that later this week they will make known to me their nominee. I will then be in a position to announce the whole membership.
- (2) Not applicable.
- (3) To examine those provisions of the Local Government Act which deal with pecuniary interests to determine whether they are sufficient to ensure that as far as possible the private pecuniary interests of councillors are subordinated to their public duties;
 to recommend what further mechanisms may be necessary to ensure that public confidence in the integrity of councillors is maintained;
 to review the adequacy of amendments made to the pecuniary interest provisions in 1985 and report whether any further amendments may be necessary;
 to report on any other matters which the committee considers relevant.
- (4)-(5) The inquiry will receive written submissions from the public.

QUESTIONS WITHOUT NOTICE

TEACHERS CREDIT SOCIETY
Staff: Retrenchment

464. Mr MacKINNON, to the Minister for Labour, Productivity and Employment :

- (1) Has the Minister been advised of concerns expressed by Teachers Credit Society staff or the Rural and Industries Bank or any other party of the impending retrenchment of Teachers Credit Society employees?
- (2) If so, what action has he taken in response to that advice?

Mr PETER DOWDING replied:

(1)-(2)

I am aware from newspaper reports, as much as the Leader of the Opposition is, of the relationship between the R & I Bank and Teachers Credit Society as a commercial matter and as one which would not impact in any way on the Government policies or decisions. The issue of arrangements for restructuring or making provision for workers who are to be terminated is a matter governed by the Industrial Relations Commission and the standards which are set. It would not be appropriate for me to interfere in that process.

Mr MacKinnon: Are you saying some workers will be retrenched?

Mr PETER DOWDING: I only know that from the *Daily News*.

COMMISSIONER OF POLICE

Actions: Member's Comments

465. Mrs BUCHANAN, to the Minister for Police and Emergency Services:

Is the Minister aware of recent public comment by the member for Mt Lawley on the actions of the Commissioner of Police and the competence of some senior police officers?

Mr GORDON HILL replied:

Yes, I am aware of the comments referred to by the member. I thank her for providing me with the opportunity to rise again to defend the police.

The member for Mt Lawley has, since becoming Opposition spokesman, embarked upon a persistent and systematic campaign to undermine police morale and discipline by attacking senior police officers. In the debate on random breath-testing, the Opposition has persistently misrepresented the position of the police and has declined to accept several offers of a police briefing which I have made both in this Chamber and to members of the Opposition in the Legislative Council. That offer has been extended to members of the Opposition in order that they can be properly informed. They have failed to take up that offer, although it has been made on a number of occasions.

That is a disgraceful state of affairs. The Liberal Opposition has shown itself to be incapable of debating the random breath-testing issue on a rational basis, and the police have been attacked as a diversionary tactic to ease the discomfort which members of the Opposition feel over having been exposed as being soft on drink drivers. That is what members of the Opposition are: Soft on drink drivers.

Several members interjected.

Mr Cowan: It was a diversionary tactic by the Government; you had to introduce it again. If that is not a diversionary tactic, tell me what is. You are trying to sidetrack the public.

Mr GORDON HILL: Members opposite are not prepared to face up to this issue and have a debate in the Legislative Council.

Several members interjected.

Mr GORDON HILL: The attack by the member for Mt Lawley on the competence of unnamed senior police officers is a smear on all officers who have attained senior rank. It is a known fact that the general community believes that senior police officers are all those who hold the rank of sergeant and above. The member for Mt Lawley is attacking all those people in the public eye of the rank of sergeant and above. Those are the people the general community believe are senior police officers. It is disgraceful and cowardly for the member to behave in that way. He stands condemned for his actions as unfit to be police spokesman, and he

should be removed.

Several members interjected.

Mr Pearce: Resign!

Mr GORDON HILL: But that will not happen, of course, because the Leader of the Parliamentary Liberal Party is his captive and is presently unduly influenced by the member for Mt Lawley to the detriment of the public image of decent members of the Liberal Party, both in this Parliament and in the State. I have confidence in the Police Force, and so too does the Government of Western Australia. I reject the shallow attempt by the so-called leadership of the Liberal Opposition to divert attention from its own inadequacies in debating this issue of random breath-testing by trying to devise an unfounded attack on the police force as a diversionary tactic. The only people members opposite are fooling in this respect are themselves.

TEACHERS CREDIT SOCIETY

Staff: Retrenchments

466. Mr MacKINNON, to the Premier :

In the light of the response of the Minister for Labour, Productivity and Employment, is the Minister aware that the directors of Teachers Credit Society and senior staff were given an assurance on the weekend prior to 17 August by a senior Government adviser in the form of Kevin Edwards that following the Government's and the R & I's takeover of the management of Teachers Credit Society, no jobs would be lost? Is the Premier now prepared to give assurances to the Teachers Credit Society staff that the assurance given by Mr Edwards on behalf of the Government at that time is still relevant?

Mr Burkett: You want to see the whole place shut down; that is how good you are, you dope!

Mr BRIAN BURKE replied:

I am not aware of the assurance that the Leader of the Opposition says was given to the directors and others of Teachers Credit Society by Mr Edwards.

Mr MacKinnon: Was he not acting on your authority?

Mr BRIAN BURKE: Mr Edwards does not always act on my instructions. I am responsible for the things he does.

Mr MacKinnon: Did he not act with your authority that weekend?

Mr BRIAN BURKE: I do not even recall the weekend in question.

Mr MacKinnon: You do not recall the weekend prior to the announcement of the takeover of Teachers Credit Society?

Mr BRIAN BURKE: I am not aware of the matters to which the Leader of the Opposition refers.

Mr MacKinnon: You astound me.

Mr BRIAN BURKE: I might astound the Leader of the Opposition, but that says more about his ability to be astounded than my performance, I guess.

Mr MacKinnon: A selective memory.

Mr BRIAN BURKE: It may be a selective memory in the view of the Leader of the Opposition, but I do not know what assurances he claims were given.

Mr MacKinnon: You are not prepared to give them now?

Mr BRIAN BURKE: I am prepared to say that I am responsible for my department, and that includes Mr Edwards, the chief executive officer. But I do not have any knowledge of those assurances. In respect of the situation now and whether it has changed, the R & I Bank has the job of

administering the Teachers Credit Society and advising the Government on actions it intends to take as the administrator of the society. No-one has approached me with a proposition about restructuring, retrenching, or replacing staff, buildings or other things. I cannot say that I have any knowledge of those things.

Mr MacKinnon: You are not prepared to give a guarantee that those people will not lose their jobs?

Mr BRIAN BURKE: I am not prepared to give any guarantees about any aspect of the restructuring.

Mr MacKinnon: They were obviously misled by Mr Edwards.

Mr BRIAN BURKE: The Leader of the Opposition says that Mr Edwards said that, but he does not produce any evidence to support his claim.

Mr MacKinnon: Ask the three directors of Teachers Credit Society.

Mr BRIAN BURKE: I do not think I know any of the directors of Teachers Credit Society. If Mr Edwards gave that assurance I can ask him about it in due course and he can confirm or deny that it was given.

I return to the main point, which is that the R & I Bank has the responsibility to administer Teachers Credit Society, and the Leader of the Opposition is foolish if he wants to bind the R & I Bank into doing things which may or may not be wise.

Mr MacKinnon: I want you to honour your commitment to those people.

Mr BRIAN BURKE: What is the matter with the Leader of the Opposition? I try to answer his questions as honestly as I can and tell him that I do not know of the commitment. Now he accuses me of not honouring a commitment I gave. It is very difficult to get things through his head, but I keep trying. I said to him that I do not know of any assurances. I shall be happy to ask Mr Edwards what assurances he gave, and I am happy to take responsibility for any officer who works in my department. I am not prepared to say to the R & I Bank that its hands are tied in the restructuring or administering of Teachers Credit Society. It is stupid for the Leader of the Opposition to want me to do that. He should not seek to do that sort of thing. The R & I Bank is charged with a difficult job and he should try to make its job as easy as possible. He should be pleased that as a result of the actions of the Government no-one lost any money as a result of the difficulties in which Teachers Credit Society found itself.

TEACHERS CREDIT SOCIETY

Staff Changes

467.

Dr GALLOP, to the Minister for Labour, Productivity and Employment:

Further to the question asked by the Leader of the Opposition, has the Minister had occasion to make inquiries about staff changes at the Teachers Credit Society?

Mr PETER DOWDING replied:

The question asked by the Leader of the Opposition is very interesting. It falls into the same category as the question asked by the member for East Melville yesterday in making an assertion without first checking in any way -- even to the extent of the information that is available to the Leader of the Opposition -- the truth or otherwise of the assertions that are being made.

I draw to the attention of the House the fact that in the stop press of the *Daily News* tonight, the Chairman of the R & I Bank, Mr David Fischer, is reported as saying reports that 350 Teachers Credit Society staff would be sacked were just rumours. The bank was analysing the credit union's affairs and studying a range of options, but whatever is decided, there will

be no action before Christmas. He said he reassured investors that their interests would be fully protected in any merger between the bank and the credit union.

Mr MacKinnon: There is no guarantee of the protection of those people's jobs. They will be told on New Year's Day, I suppose.

Mr PETER DOWDING: I understand not only was that information available to the Leader of the Opposition when he asked me the question, but that Mr Fischer had --

Mr MacKinnon: You did not know that information.

Mr PETER DOWDING: That is true; I had not read the stop press in the *Daily News*. However, I was not on a hunt to bring before the House some assertion. It is the Leader of the Opposition's responsibility, if he is placing facts in the form of a question before the House, to do his research; but that is obviously not the practice of the Opposition.

I will say, in the face of the haranguing, that members of the Government staff have in fact done some homework on this and are able to inform me that Mr Fischer went further in his statements to the Press than appears in the *Daily News* stop press. He said reports that the bank would recommend the sacking of 350 of the society's staff before Christmas were simply not true and reports that staff were to be told of such plans on 15 December at early morning meetings were also not true.

Mr Brian Burke: The next thing is that we will attack Mr Fischer's credibility.

Mr MacKinnon: There is not one commitment that those people's jobs would be protected, and the Premier is not prepared to honour the commitment given via his chief adviser.

Mr Brian Burke: I reckon they will be working at the Teachers Credit Society longer than you will be the Leader of the Opposition.

Mr PETER DOWDING: If I was asking such hopelessly researched questions, I too would probably want to interrupt the answer as much as I could.

The Chairman of the R & I Bank informed the Press that it was unfortunate that the Australian Bank Employees Union had sought information from the bank on the report, as was its right, but had then chosen to go public with emotive comments and threats of industrial action before the R & I Bank had a chance to respond.

I think the assurances of the inaccuracies of the report which appeared in the paper and which the Leader of the Opposition did not even have the decency to check with the R & I Bank, as he could have, or in any other way --

Mr Brian Burke: The worst part is that the Leader of the Opposition has admitted that he knew that was in the stop press of the *Daily News*, and he still asked the question.

Mr PETER DOWDING: Yes, and without any reference to that stop press, so it is once again a comment more about the Opposition than about any actions for which the Government is responsible.

TEACHERS CREDIT SOCIETY

Future

468. Mr MacKINNON, to the Premier:

Given that neither the Premier nor the Minister for Labour, Productivity and Employment have given a commitment that all of the current employees of the Teachers Credit Society, who were previously given a commitment of job security, have got that security after Christmas, will the Premier give an indication to the House when it is likely that an announcement will be made about the future of the Teachers Credit

Society, and will he also give an assurance that some announcement will be made in relation to the future of the 350 employees, who I can assure the Premier do currently feel threatened in their position, otherwise why would they be ringing my office?

Mr BRIAN BURKE replied:

I wish the Leader of the Opposition would stop asking me why people are ringing his office. If he wants to know, he should ask them. I was not there.

Mr MacKinnon: It is because they want an assurance.

Mr BRIAN BURKE: If the Leader of the Opposition knows the answer already, he should not ask me. If he wants to know the answer, he should ask the people who ring up.

Mr MacKinnon: I want you to give those people some assurances about their future.

Mr BRIAN BURKE: A moment ago the Leader of the Opposition wanted me to tell him why people are ringing his office. God knows, it is the last place I would want to ring for any help!

Mr MacKinnon: So you do not care about those people?

Mr BRIAN BURKE: What is the matter with the Leader of the Opposition? His whole demeanour is a subtle attempt to destroy my confidence in myself. I thought I had schooled the Leader of the Opposition better than that. I am anxious to keep him in place.

Members probably do not remember Rocky Marciano, but he once fought a bloke called Don Cockell, who was an Englishman. By the eighth round -- and I was about eight, I think -- I asked, "Why is he still holding him up?" My Dad explained to me that his next pay day would be a lot bigger if he made it look like Don Cockell could go a bit longer than the two rounds that he deserved to go on ability. We are into the eighth round, and my wrists are getting awfully sore.

Mr MacKinnon: Three hundred and fifty people are worried about their future.

Mr BRIAN BURKE: I am sorry for the Leader of the Opposition. I would look closer to home for people who might lose their jobs.

I have received a letter from Mr Fischer, the Chairman of the R & I Bank. I brought this letter to read in tonight's debate. In it Mr Fischer advises me by way of an update of the present position with respect to the bank's involvement as administrator of the WA Teachers Credit Society Limited. He says the bank was appointed administrator during August, and at that time took over the day to day management of the society and also commenced a detailed audit of the society's lending operations, and that the work entailed in that matter is quite substantial and has proved to be far more time consuming than at first thought. He says that for some time the bank has had eight of its staff working full-time on examining the society's lending files, monitoring lending and establishing suitable arrangements for the repayment of those loans that were previously not suitably documented. He says that this work is proceeding satisfactorily and the bank expects to be in a position to complete the above task by the end of this calendar year, when a full report will be made to the registrar.

Does that help the Leader of the Opposition? Mr Fischer goes on to say that in the meantime the society continues to operate and to service its clients in respect of new and existing credit union business.

Of course I care about any prospective retrenchment of anyone, but can the Leader of the Opposition give a guarantee at any time that, for example, the R & I Bank will not retrench someone?

Mr MacKinnon: It was not the senior officers of my department who gave an assurance to those people that their jobs were secure; and those people went out and borrowed money on the strength of that commitment. What the Premier is saying is that he does not care.

Mr BRIAN BURKE: I really do not know that it is fair of the Leader of the Opposition to try to extricate himself in that way because he knows as well as I do -- and I have already told him -- that I have no knowledge of any commitment of the sort to which the member refers and I do not recall any public statement by the directors of the Teachers Credit Society, by the union involved, or by anyone else about that commitment.

Mr MacKinnon: I thought the union would have been quite happy with the commitment you gave at that time.

Mr BRIAN BURKE: I have no knowledge of the commitment, and it has not been made public in the months since the Leader of the Opposition claimed it was made public, and now he is making it public. Having said all those things, it is still unrealistic and absolutely irresponsible of the Leader of the Opposition to try to use that sort of approach in an effort to inhibit the R & I Bank from doing its job.

Mr MacKinnon: What is irresponsible about trying to protect the future of 350 people?

Mr Pearce: If it had been left to you, you would have let the Teachers Credit Society go broke and they all would have lost their jobs months ago.

Mr BRIAN BURKE: It really is just impossible to get --

Mr MacKinnon: I am trying to get a guarantee for their future from you.

Mr BRIAN BURKE: Under this Government their future is much brighter than it would have been under any Government led by the Leader of the Opposition. This State is prospering.

Mr MacKinnon: I will just have to advise the young girl tomorrow that her future and the mortgage she took out do not look too bright.

Mr BRIAN BURKE: It is really very sad.

NORTHAM HIGH SCHOOL
Aboriginal Worker

469. Mr TRENORDEN, to the Minister for Education:

- (1) Is the Minister aware of concern in Northam regarding the withdrawal of Commonwealth funding for an Aboriginal worker at the Northam High School?
- (2) Given the extra work done by that worker, and the need for the continuation of the position, is there any provision for funding at the State level?
- (3) If no, what action will the Minister take to prevent deterioration of the relationship between students at the high school?

Mr PEARCE replied:

(1)-(3)

I am aware of the position in Northam. The facts outlined by the member for Avon are essentially correct. The withdrawal of Commonwealth funding has meant some difficulty in regard to the employment of Aboriginal education workers. This appears to be because of a Commonwealth desire to move funds in Aboriginal Affairs around a bit, which is something my colleague, the Minister for Aboriginal Affairs, would know more about than I do. It is having some unfortunate effects in the educational area.

The State Government has taken the general policy that it cannot pick up, and cannot be expected to pick up in every instance, funding cuts made by the Commonwealth. Although I understand the politics from the point of view of the member for Avon -- I am not suggesting that he has raised this in any insincere way -- I think members equally will have to accept that cutbacks in Commonwealth expenditure cannot automatically lead to increases in State expenditure, because we do not have any board of taxation or any other revenue-raising base in order to do that.

Nevertheless I am investigating the whole situation in respect of the Aboriginal education workers in schools in Western Australia because they do a very significant and important job, not just in schools but in the community generally. I will see what I can do about it.

HERITAGE PLACES (WESTERN AUSTRALIA) BILL

Debate

470. Mr BLAIKIE, to the Minister for Planning:

In view of the widespread public interest in the heritage legislation, will he undertake that debate on the legislation will not proceed until the March 1988 sitting of Parliament?

Mr PEARCE replied:

When I introduced the Bill I made a public statement -- if not in the House -- that the Government's intention was not to deal with the two heritage Bills this session. It is the Government's intention to let the Bills lie over the Christmas break and to deal with them during the autumn session.

There is a lot of interest in that legislation from many interested groups, and I gave the undertaking a long time ago that they would be given ample opportunity to consider and comment on the legislation when it was before the House. Therefore, the Bill will not be taken past my second reading speech during this session of Parliament but will be reinstated on the Notice Paper at the beginning of the autumn session next year.

ROADSIDE CLEARING

Lancelin-Perth Road

471. Mr BRADSHAW, to the Minister for Conservation and Land Management:

- (1) Is the Minister aware of a letter dated 26 October 1987 from the Department of Conservation and Land Management, which recommended that a person be prosecuted for illegal roadside clearing on the Perth-Lancelin road?
- (2) Did the Minister stop the prosecution taking place?
- (3) Is the person required to rehabilitate the roadside where the illegal clearing took place?
- (4) If yes, when was that instruction given?
- (5) Does the Minister personally know the person recommended for prosecution?

Mr HODGE replied:

(1)-(5)

I am not able to provide the member with details of that type off the cuff. I suggest he puts the question on notice and I will get the information and provide him with it.

EDUCATION: TEACHERS

Promotions: Evaluation

472. Mr CLARKO, to the Minister for Education:

- (1) Regarding the proposed time line for the implementation of the changes as

per the Better Schools report, will the Minister unequivocally confirm to the House that the following stages will be reached in 1988, as stated in that report --

- (a) the evaluation of teachers for promotion will be adopted at school level;
 - (b) the new time line requirements for appointments will be established?
- (2) Have any of the planned 1988 stages of the implementation been postponed in any way?

Mr PEARCE replied:

(1)-(2)

I welcome the member for Karrinyup's renewed interest in education matters. Let me put it to the House quite honestly: It has been a dull old Parliament for me this year with the shadow Ministry established in another place, where incoherent speeches are made in an incomprehensible manner to people who are not listening. That includes the Press. It has been a very dull session for me and I welcome the member's renewed interest.

When the relationship between the Government and the Teachers Union was starting to get a little rocky because of the union's incessant demands for more resources leading up to the last election, I always used to say to them when they started to become obstreperous, "All right, you might think that I can't give you everything you want, but just remember: If you don't have me, you get the member for Karrinyup back." They always went quiet after that and became quite supportive of the Government's position.

I would have thought that even the member for Karrinyup, in his tuning out from the educational system, would have been aware that the time line that is part of the Better Schools report has been part of the process of negotiation. From the Government's point of view, it is not proposed to deviate from the time line set down for 1988 at the present time. At the same time, that time line itself is the subject of discussions with all the interest groups, and has not been finalised. Contrary to claims made by the member for Karrinyup and others this afternoon, the process of consultation over the Better Schools report has been an extensive one and it is not yet finalised -- nearly, but not yet. I do not envisage any significant departure from the time line, but if the process of consultation leads to such departures, that will be done.

SCHOOL OF NURSING

Investigation

473. Mr BRADSHAW, to the Minister for Health:

- (1) Why is there suddenly a need for an investigation into the future of the Western Australian School of Nursing?
- (2) Will the Minister explain why the future of the Western Australian School of Nursing was not decided before \$1.5 million was spent expanding the school?

Mr TAYLOR replied:

(1)-(2)

I would have thought that the member for Murray-Wellington would have been aware that with the movement from nursing education in the hospitals to tertiary education for registered nurses, the number of courses taking place at the Western Australian School of Nursing has decreased quite rapidly. Therefore it is quite sensible, given that is the case and the fact that they might run out of work in two or three years' time, to look at the role of the School of Nursing to see whether it can be put to better use;

and, if so, what that use should be. It is for that reason that I set up a group of people to look at the role of the School of Nursing and what should be done there. That group includes representatives from the nurses' unions, from the educational institutions, and from the Health Department. I believe that approach makes a lot of sense. That is the line we will be going down to determine the best use for that particular institution.

I am astonished that the member for Murray-Wellington, if he really thinks he is the shadow Minister for Health, is not aware of the fact that this has taken place and that there is a need to tackle this issue.

Mr Bradshaw: Why did you spend \$1.5 million?

Mr TAYLOR: That money was spent over the last two or three years. I actually opened the improvements in 1986.

Mr Brian Burke: We have had a number of approaches from people in the Harvey area seeking a closer and more fruitful relationship with the Government.

Mr TAYLOR: I think I can understand the reason for that, Mr Premier.

Mr Brian Burke: I did not like to elaborate the reasons, but there was a certain sort of frustration at not getting things done without being able to work closely with the Government. I think it is the first sign of the rot setting in.

Mr TAYLOR: It is a seat we will have to target at the next election, without doubt.

Mr Brian Burke: His brother took a horse into the hospital to have its fetlock x-rayed, don't you know?

Mr TAYLOR: Is that right?

Mr Bradshaw: Somebody took an elephant into the Bunbury Regional Hospital. Several members interjected.

The ACTING SPEAKER (Mr Thomas): Order!

Mr TAYLOR: In relation to the \$1.5 million, the money was well spent. I had great pleasure in opening those facilities and they are being put to very good use indeed. The idea of the committee is that the facility is to be put to very good use.
